

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION,
STATE OF LOUISIANA
Napoleonville, Louisiana**

Annual Financial Statements

July 31, 2020



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Independent Auditor's Report

The Board of Commissioners
Waterworks District No. 1 of the
Parish of Assumption, State of Louisiana
Napoleonville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (the District), a component unit of the Assumption Parish Police Jury, as of and for the year ended July 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 District as of July 31, 2020, and the respective changes in financial position and cash flows 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 5 - 9, and the schedule of the District's proportionate share of net pension liability (asset), the schedule of the District's contributions, and the schedule of changes in net OPEB liability and related ratios on pages 40 - 43 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 our 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 schedule of compensation, benefits, and other payments to agency head, the schedule of operating expenses, the schedule of changes in assets restricted for revenue bond debt service, and the schedule of compensation paid to board of commissioners listed as other supplementary information in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head, the schedule of operating expenses, the schedule of changes in assets restricted for revenue bond debt service, and the schedule of compensation paid to board of commissioners 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 schedule of compensation, benefits, and other payments to agency head, the schedule of operating expenses, the schedule of changes in assets restricted for revenue bond debt service, and the schedule of compensation paid to board of commissioners are 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 January 18, 2021 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
January 18, 2021

REQUIRED SUPPLEMENTARY INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

WATERWORKS DISTRICT NO. 1 OF THE PARISH OF ASSUMPTION, STATE OF LOUISIANA

Management's Discussion and Analysis

Our discussion and analysis of the financial performance of Assumption Parish Waterworks District No. 1 (the District) provides an overview of the District's financial activities for the fiscal year ended July 31, 2020. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The District's net position decreased by \$34,349.
- The District's total operating revenues were \$5,358,568 for a decrease of .8%.
- During the fiscal year ended July 31, 2020, the District had total expenses of \$5,507,206 for an increase of 15.8%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and supplementary information. The basic financial statements include enterprise fund financial statements that provide both long-term and short-term information about the District's overall financial status.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

Table 1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of the financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Management's Discussion and Analysis

**Table 1
Major Features of Assumption Parish Waterworks District No. 1 Financial Statements**

Financial Statements	Enterprise Fund Statements
Scope	Entire Government
Required Financial Statements	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual Accounting and Economic Resources Focus
Type of Assets / Liability Information	All Assets and Liabilities, both Financial and Capital, and Short-Term and Long-Term
Type of Inflow / Outflow Information	All Revenues and Expenses during the Year, Regardless of When Cash is Received or Paid

Enterprise Fund Financial Statements (Government-Wide)

The statement of net position and the statement of revenues, expenses, and changes in net position provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and the changes in it. Net position - the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net position are an indicator of whether the District's financial position is improving or deteriorating.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Management's Discussion and Analysis

The statement of cash flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities, and investing activities.

FINANCIAL ANALYSIS OF ASSUMPTION PARISH WATERWORKS DISTRICT NO. 1

Net Position. The District's net position decreased by \$34,349 between fiscal years 2019 and 2020 to \$21,468,847. (See Table 2.)

**Table 2
Assumption Parish Waterworks District No. 1 Net Position**

	Business-Type Activities	
	2020	2019
Assets		
Current Assets	\$ 7,647,120	\$ 6,774,549
Restricted Assets	814,658	797,929
Capital Assets	18,873,707	19,826,091
Net Pension Asset	66,902	-
Total Assets	27,402,387	27,398,569
Deferred Outflows of Resources	1,722,775	824,317
Total Assets and Deferred Outflows of Resources	29,125,162	28,222,886
Liabilities		
Accounts Payable and Accrued Expenses	533,606	142,142
Customer Deposits	331,460	325,145
Revenue Bonds Payable	1,945,000	2,555,000
Net Pension Liability	-	249,186
Other Postemployment Benefit Liability	1,873,455	3,162,192
Total Liabilities	4,683,521	6,433,665
Deferred Inflows of Resources	2,972,794	286,025
Total Liabilities and Deferred Inflows of Resources	7,656,315	6,719,690
Net Position		
Net Investment in Capital Assets	16,928,707	17,271,091
Restricted for Revenue Bond Debt Service	487,327	476,450
Unrestricted	4,052,813	3,755,655
Total Net Position	\$ 21,468,847	\$ 21,503,196

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Management's Discussion and Analysis

Changes in Net Position. The District's total operating revenues decreased by .8% to \$5,358,568. (See Table 3.)

The cost of the total expenses increased by \$749,990, or 15.8%, primarily due to increases in chemicals and purification supplies, repairs and maintenance, and depreciation.

**Table 3
Changes in Assumption Parish Waterworks District No. 1 Net Position**

	Business-Type Activities	
	2020	2019
Operating Revenue		
Water Sales	\$ 5,077,047	\$ 5,013,144
Other Water Service Charges	101,355	180,019
Delinquent Charges	60,340	95,341
Billing and Collection Fees	119,826	112,345
Total Operating Revenues	5,358,568	5,400,849
Nonoperating Revenue		
Interest Income	88,662	125,327
Other Income	25,627	122,213
Total Nonoperating Revenue	114,289	247,540
Total Revenue	5,472,857	5,648,389
Expenses		
Operating Expenses	5,461,648	4,698,518
Nonoperating Expenses (Interest Expense)	45,558	58,698
Total Expenses	5,507,206	4,757,216
Change in Net Position	\$ (34,349)	\$ 891,173

FINANCIAL ANALYSIS OF THE FUNDS

As the District completed the year, its enterprise fund reported total assets of \$27,402,387 which is an increase from last year of \$3,818.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of July 31, 2020, the District had \$18,873,707 net investment in capital assets. (See Table 4.)

**Table 4
Assumption Parish Waterworks District No. 1 Capital Assets
(Net of Depreciation)**

	Business-Type Activities	
	2020	2019
Land and Right of Way	\$ 172,283	\$ 171,071
Power Pumping and Purification Structures and Equipment	17,143,165	16,599,168
Transmission and Distribution Mains and Accessories	23,427,789	23,269,774
Transportation, Office, and Other Equipment	1,035,639	944,256
Construction in Progress	-	654,512
Accumulated Depreciation	(22,905,169)	(21,812,690)
Total Net Capital Assets	\$ 18,873,707	\$ 19,826,091

Debt

As of July 31, 2020, the District had \$1,945,000 in revenue bonds payable outstanding. The District is meeting all of its fund transfer requirements as set out in the bond resolutions. Additional information about the District's debt is presented in the notes to financial statements, Note 6 - Long-Term Obligations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District gets all of its revenues from water sales and services provided. The fiscal year ended July 31, 2021 budget has revenue from water sales budgeted of approximately \$5,501,475, a increase of approximately \$294,000 over fiscal year ended July 31, 2020 actual sales. The economy is not expected to generate any significant growth.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Bernard J. Francis, Jr., General Manager, 4633 LA Hwy. 1, P.O. Drawer 575, Napoleonville, Louisiana 70390.

BASIC FINANCIAL STATEMENTS

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**
Statement of Net Position
July 31, 2020

Assets

Current Assets

Cash and Cash Equivalents	\$ 386,510
Investments	6,490,878
Receivables	
Billed Water Charges, Net of Allowance for Doubtful Accounts of \$88,309	433,774
Unbilled Water Charges	228,324
Other Receivables	7,905
Inventory of Supplies	74,982
Prepaid Expenses	<u>24,747</u>

Total Current Assets	<u>7,647,120</u>
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Restricted Assets

Cash and Cash Equivalents	114,276
Investments	<u>700,382</u>

Total Restricted Assets	<u>814,658</u>
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Capital Assets, Net

<u>18,873,707</u>

Other Asset

Net Pension Asset	<u>66,902</u>
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Total Assets	<u>27,402,387</u>
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Deferred Outflows of Resources

Other Postemployment Benefits	1,637,736
Pension	<u>85,039</u>

Total Deferred Outflows of Resources	<u>1,722,775</u>
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The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**
Statement of Net Position (Continued)
July 31, 2020

Liabilities

Current Liabilities

Accounts Payable	217,051
Accrued Expenses	316,555
Revenue Bonds Payable - Current	<u>630,000</u>

Total Current Liabilities 1,163,606

Payable from Restricted Assets

Customer Deposits	<u>331,460</u>
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Non-Current Liabilities

Other Postemployment Benefit Liability	1,873,455
Revenue Bonds Payable	<u>1,315,000</u>

Total Non-Current Liabilities 3,188,455

Total Liabilities 4,683,521

Deferred Inflows of Resources

Other Postemployment Benefits	2,804,432
Pension	<u>168,362</u>

Total Deferred Inflows of Resources 2,972,794

Net Position

Net Investment in Capital Assets	16,928,707
Restricted for Revenue Bond Debt Service	487,327
Unrestricted	<u>4,052,813</u>

Total Net Position \$ 21,468,847

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

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended July 31, 2020

Operating Revenue	
Water Sales	\$ 5,077,047
Other Water Service Charges	101,355
Delinquent Charges	60,340
Solid Waste, Garbage, and Sewerage Collection Fees	<u>119,826</u>
Total Operating Revenues	<u>5,358,568</u>
Operating Expenses	
Waterworks System Expenses	2,388,806
Office, General, and Administrative Expense	1,980,363
Depreciation	<u>1,092,479</u>
Total Operating Expenses	<u>5,461,648</u>
Net Operating Loss	<u>(103,080)</u>
Nonoperating Revenue (Expense)	
Interest Income	88,662
Other Income	25,627
Interest Expense	<u>(45,558)</u>
Total Nonoperating Revenue (Expense)	<u>68,731</u>
Change in Net Position	(34,349)
Net Position, Beginning of Year	<u>21,503,196</u>
Net Position, End of Year	<u><u>\$ 21,468,847</u></u>

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

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**
Statement of Cash Flows
For the Year Ended July 31, 2020

Cash Flows from Operating Activities	
Cash from Customers	\$ 5,526,010
Cash Paid to Suppliers for Goods and Services	(1,651,243)
Cash Paid to Employees	(2,132,968)
Cash from Deposits	<u>6,315</u>
Net Cash Provided by Operating Activities	<u>1,748,114</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and Construction of Capital Assets	(140,095)
Principal Paid on Revenue Bonds	(610,000)
Interest Paid on Revenue Bonds	(45,558)
Other Nonoperating Revenues	<u>25,627</u>
Net Cash Used in Capital and Related Financing Activities	<u>(770,026)</u>
Cash Flows from Investing Activities	
Interest on Investments	88,662
Purchase of Investments, Net	<u>(1,094,021)</u>
Net Cash Used in Investing Activities	<u>(1,005,359)</u>
Net Decrease in Cash and Cash Equivalents	(27,271)
Cash and Cash Equivalents, Beginning of Year	<u>528,057</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 500,786</u></u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position	
Cash and Cash Equivalents, Unrestricted	\$ 386,510
Cash and Cash Equivalents, Restricted	<u>114,276</u>
Total Cash and Cash Equivalents	<u><u>\$ 500,786</u></u>

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

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**
Statement of Cash Flows (Continued)
For the Year Ended July 31, 2020

Reconciliation of Net Operating Loss to Net Cash

Provided by Operating Activities

Net Operating Loss	\$ (103,080)
Adjustments to Reconcile Net Operating Loss to Net Cash	
Provided by Operating Activities	
Depreciation	1,092,479
Bad Debt Expense	62,148
(Increase) Decrease in:	
Accounts Receivable	105,294
Prepaid Expenses	(4,752)
Inventory	14,760
Increase (Decrease) in:	
Accounts Payable	145,920
Net Pension Liability (Asset) and Deferred Inflows and Outflows	(5,898)
OPEB Liability and Related Deferred Inflows and Outflows	189,384
Other Accrued Expenses	245,544
Customer Deposits	<u>6,315</u>

Net Cash Provided by Operating Activities \$ 1,748,114

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

NOTES TO FINANCIAL STATEMENTS

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

On July 10, 1956, in accordance with the provisions of Chapter 8 of Title 33 of the Louisiana Revised Statutes of 1950, the Police Jury of the Parish of Assumption (the Police Jury) created Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (hereinafter referred to as the District). The District as created by the Police Jury encompasses the identical area as the Parish of Assumption (the Parish).

Basis of Presentation

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

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. The following is a summary of the District's significant policies:

Reporting Entity

As the governing authority of the Parish, for reporting purposes, the Assumption Parish Police Jury is the financial reporting entity for Assumption Parish. The financial reporting entity consists of (a) the primary government (Assumption Parish Police Jury), (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.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Assumption 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. This criterion includes:

- Appointing a voting majority of an organization's governing body, and the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Police Jury.
- Organizations for which the Police Jury does not appoint a voting majority but are fiscally dependent on the Police Jury.
- 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.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Even though the District is legally separate from the Police Jury, the Police Jury appoints a majority of the District's governing body, and the Police Jury has the ability to impose its will on the District. The District also has the potential to provide specific benefits to, or impose specific financial burdens on, the Police Jury. Because of these reasons, the management of the District's office has determined that the District is a component unit of the Assumption Parish Police Jury.

Measurement Focus/Basis of Accounting

The enterprise fund statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the District are water sales, connections and reconnection fees, late charges, and other miscellaneous operating revenues. Operating expenses for enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

All highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash and cash equivalents for purposes of reporting cash flows.

Inventory

The District values its inventory of supplies at the lower of cost or market using the first-in, first-out method.

Capital Assets

All capital assets are capitalized in the enterprise fund and stated at historical cost less accumulated depreciation.

Depreciation of all exhaustible capital assets used by the enterprise fund is charged as an expense against the District's operations. Depreciation has been provided over the estimated useful lives using the straight-line method (see Note 5).

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Long-Term Liabilities

Long-term debt such as revenue bonds payable is reported as liabilities on the statement of net position.

Contributions for Meters

Contributions received from customers for new meter services are treated as income. The cost of installing new meter services is expensed in the year incurred.

Vacation and Sick Leave

The District's employees earn one to five weeks of vacation annually based on number of years of employment. Employees can accumulate a maximum of 40 hours of unused vacation which can be carried forward and taken in subsequent periods. Upon termination, employees are paid for any unused current year and any accumulated vacation hours. Employees are allowed ten days of sick leave annually that may be used for sickness only. The sick leave plan is coupled with a disability insurance policy. No payment is made for sick leave not used upon termination or retirement; therefore, no accrual for sick leave is made.

Estimates

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

Equity Classifications

In the enterprise fund, equity is classified as net position and displayed in three components:

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.

Restricted Net Position - Consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Pension Plan

The District is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 9. For purposes of measuring the net position asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The District has two items that qualify for this category: pension and other postemployment benefits (OPEB), which are reported in the basic financial statements.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District has two items that qualify for this category: pension and other postemployment benefits, which are reported in the basic financial statements. The amounts deferred are recognized as an inflow of resources in the period that the amounts become available.

Recent Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 87 to reporting periods beginning after June 15, 2021.

The GASB issued Statement No. 84, *Fiduciary Activities*. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purpose and how those activities should be reported. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 84 to reporting periods beginning after December 15, 2019.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 89 to reporting periods beginning after December 15, 2020.

Note 2. Cash and Cash Equivalents

Cash includes demand deposits and interest-bearing demand deposits. Under state laws, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any state in the union, or the laws of the United States. Further, the District may deposit funds in time deposits or certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Also, state law requires that 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.

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be recovered. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. At year-end, the carrying amount of the District's deposits was \$500,786 and the bank balance was \$806,021. Of the bank balance, \$250,000 was covered by federal deposit insurance and \$556,021 was covered by collateral held by the pledging bank's agent in the bank's name (Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute (R.S.) 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 has failed to pay deposited funds upon demand.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 3. Investments

As of July 31, 2020, the District had \$7,191,260 invested in the Louisiana Asset Management Pool, Inc. (LAMP) which is included in the total investments balance. The LAMP portfolio includes only securities and other obligations in which local governments are authorized to invest in accordance with R.S. 33:2955.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government 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.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires 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, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

Credit risk: LAMP is rated AAAM 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.

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 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 Securities and Exchange Commission (SEC) as an investment company.

**WATERWORKS DISTRICT NO. 1 OF THE
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Notes to Financial Statements

Note 4. Receivables

The following is a summary of receivables at July 31, 2020:

	Amount	%
Accounts Receivable		
Billed		
Current	\$ 372,534	71%
31 - 60 Days Past Due	61,241	12%
61 - 90 Days Past Due	19,632	4%
Over 90 Days Past Due	68,676	13%
Subtotal	<u>522,083</u>	
Allowance for Uncollectible Accounts	<u>(88,309)</u>	
Net Accounts Receivable	<u>433,774</u>	
Other Receivables		
Unbilled Water Charges	228,324	
Other	<u>7,905</u>	
Total Other Receivables	<u>236,229</u>	
Total Receivables, Net	<u>\$ 670,003</u>	

Note 5. Capital Assets

A summary of capital assets at July 31, 2020 follows:

	Balance July 31, 2019	Increases	Decreases	Balance July 31, 2020
Non-Depreciable Assets				
Land	\$ 171,071	\$ 1,212	\$ -	\$ 172,283
Construction in Progress	654,512	18,021	(672,533)	-
Total Non-Depreciable Assets	<u>825,583</u>	<u>19,233</u>	<u>(672,533)</u>	<u>172,283</u>
Depreciable Assets				
Power, Pumping, and Purification Structures and Equipment, Including Main Plant Building	16,599,168	543,997	-	17,143,165
Transmission and Distribution Mains and Accessories	23,269,774	158,015	-	23,427,789
Transportation, Office, and Other Equipment	944,256	91,383	-	1,035,639
Total Depreciable Assets	<u>40,813,198</u>	<u>793,395</u>	<u>-</u>	<u>41,606,593</u>
Less: Accumulated Depreciation	<u>(21,812,690)</u>	<u>(1,092,479)</u>	<u>-</u>	<u>(22,905,169)</u>
Total Depreciable Assets, Net	<u>19,000,508</u>	<u>(299,084)</u>	<u>-</u>	<u>18,701,424</u>
Total Capital Assets, Net	<u>\$ 19,826,091</u>	<u>\$ (279,851)</u>	<u>\$ (672,533)</u>	<u>\$ 18,873,707</u>

For the year ended July 31, 2020, depreciation expense was \$1,092,479.

**WATERWORKS DISTRICT NO. 1 OF THE
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Notes to Financial Statements

Note 6. Long-Term Obligations

The following is a summary of bond transactions for the year ended July 31, 2020:

	Balance July 31, 2019	Additions	Deletions	Balance July 31, 2020	Due Within One Year
Long-Term Debt					
Revenue Bonds Payable	\$ 2,555,000	\$ -	\$ (610,000)	\$ 1,945,000	\$ 630,000
Total Long-Term Debt	\$ 2,555,000	\$ -	\$ (610,000)	\$ 1,945,000	\$ 630,000

Revenue bonds payable at July 31, 2020 are comprised of the following individual issues:

\$4,000,000 Revenue Bonds, Series 2013, dated May 23, 2013, due in annual installments of \$90,000 to \$670,000, excluding interest, through November 1, 2022; interest at 2.172%.	<u>\$ 1,945,000</u>
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The annual requirements to amortize all debt outstanding at July 31, 2020, including \$175,008 interest payments, are as follows:

Year Ending July 31,	Principal	Interest	Total
2021	\$ 630,000	\$ 35,404	\$ 665,404
2022	645,000	21,556	666,556
2023	670,000	7,276	677,276
Total	\$ 1,945,000	\$ 64,236	\$ 2,009,236

Note 7. Flow of Funds - Restrictions on Use

Under the terms of the Revenue Bonds, Series 2013 (see Note 6), dated May 23, 2013, the bonds shall be secured by and payable solely from a pledge and dedication of the net revenues of Assumption Parish Waterworks District No. 1 above statutory, necessary, and usual charges in each of the fiscal years. The agreement also requires that until the bonds have been paid in full in principal and interest, the District must budget annually a sum of money sufficient to pay the principal and interest on the bonds.

**WATERWORKS DISTRICT NO. 1 OF THE
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Notes to Financial Statements

Note 7. Flow of Funds - Restrictions on Use (Continued)

For the payment of the principal and the interest on the bonds and any additional parity bonds, there is hereby created a special fund known as "Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, Revenue Bond and Interest Sinking" Fund (Sinking Fund) being maintained with the designated fiscal agent bank of the Issuer. The District shall deposit in the Sinking Fund monthly on or before the 20th day of each month of each year, a sum equal to one-sixth of the interest falling due on the next interest payment date and one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. Said fiscal agent bank shall transfer from the Sinking Fund to the Paying Agent funds fully sufficient to pay promptly the principal and/or interest falling due on such date.

On July 17, 1989, the Board of Commissioners (the Board) of the District created the "Waterworks Utility Revenue Fund - Capital Improvements". Said fund was to receive monies in excess of \$50,000 shown in the annual audit report remaining in the Waterworks Utility Revenue Fund at July 31st of each year after making all required payments into the Sinking, Reserve, and Depreciation and Contingency Funds. The excess shall be considered surplus and shall be deposited in this fund. Said fund is to be used by the District for the purpose of retiring outstanding bonds in advance of their maturities, or any other legal purpose determined by the Board to be in the best interest of the District and not in violation of the 2006 Certificate of Indebtedness issue requirements. On October 25, 2004, a resolution was passed by the Board to increase the reserve in the Waterworks Utility Revenue Fund - Capital Improvements from \$50,000 to \$150,000. The required transfers to the Waterworks Utility Revenue Fund - Capital Improvements through the year ended July 31, 2020 was \$1,313,240.

Note 8. Contributions from Assumption Parish

On June 10, 1958, the District entered into an agreement with the Parish whereby, in order to afford fire protection to the Parish and in order to provide adequate finances for construction of the waterworks system, the Parish agreed to issue \$1,065,000 ad valorem tax bonds to acquire necessary facilities and equipment for fire protection. Of this amount, \$935,000 was pledged to be used for construction of the joint waterworks and fire protection system.

**WATERWORKS DISTRICT NO. 1 OF THE
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Notes to Financial Statements

Note 9. Pension Plan

Assumption Parish Waterworks District No. 1 is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan. This plan is administered by the Parochial Employees' Retirement System of Louisiana (PERS or the System). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. The System is administered by a separate board of trustees.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. This report may be obtained by writing, calling, or downloading the reports as follows:

PERS
7905 Wrenwood Blvd.
Baton Rouge, LA 70809
(225) 928-1361
www.persla.org

The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB 68*. These standards require the District to record its proportional share of the pension plan's net pension liability and report the following disclosures:

Plan Description

The Parochial Employees' Retirement System of Louisiana is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. The System was originally established by R.S. 11:1901.

The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the state which does not have its own retirement system and which elects to become a member of the System. Assumption Parish Waterworks District No. 1 is a participant in Plan B.

The following is a description of the plan and its benefits and is provided for general information purposes only.

Eligibility Requirements

All permanent District employees who work at least 28 hours per week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Plan Description (Continued)

Retirement Benefits

Any member of Plan B who was hired before January 1, 2007 can retire providing the member meets one of the following criteria:

1. Age 55 with thirty (30) years of creditable service
2. Age 60 with a minimum of ten (10) years of creditable service
3. Age 65 with a minimum of seven (7) years of creditable service

For employees hired after January 1, 2007:

1. Age 55 with thirty (30) years of creditable service
2. Age 62 with ten (10) years of creditable service
3. Age 67 with seven (7) years of creditable service

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50, and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in DROP for up to three years and defer the receipt of benefits. During participation in DROP, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Plan Description (Continued)

Deferred Retirement Option Plan (Continued)

Upon termination of employment prior to or at the end of the specified period of participation, a participant in DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to the self-directed subaccounts. The participant in the self-directed portion of the plan must agree that the benefits payable to the participant are not the obligations of the State or the System, and that any returns and other rights of the plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007 and has at least five years of creditable service or, if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to 2% of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Cost-of-Living Increases

The board of trustees is authorized to provide a cost-of-living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

In addition, the board may provide an additional cost-of-living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the board may provide a cost-of-living increase up to 2.5% for retirees 62 and older (R.S. 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost-of-living adjustment commencing at age 55.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Funding Policy

Contributions to PERS are required and determined by state statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended July 31, 2020 for the District and covered employees were as follows:

	Employer	Employee
Parochial Employees' Retirement System Plan B	7.50%	3.00%

The contributions made to the System for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	2020	2019	2018
Parochial Employees' Retirement System Plan B	\$ 78,257	\$ 74,174	\$ 75,627

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The following schedule lists the District's proportionate share of the Net Pension Asset allocated by the pension plan based on the December 31, 2019 measurement date. The District used this measurement to record its Net Pension Asset and associated amounts as of July 31, 2020 in accordance with GASB Statement No. 68. The schedule also includes the proportionate share allocation rate used at December 31, 2019, along with the change compared to the December 31, 2018 rate.

The District's proportion of the Net Pension Asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Asset December 31, 2019	Rate at December 31, 2019	Increase over December 31, 2018 Rate
Parochial Employees' Retirement System Plan B	\$ 66,902	0.92474%	0.0024%

The following schedule lists the pension plan's recognized pension expense of the District for the year ended July 31, 2020:

Parochial Employees' Retirement System Plan B	<u>\$ 49,798</u>
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**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At July 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 1,980	\$ 28,532
Changes of Assumptions	39,469	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	139,698
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	126	132
District Contributions Subsequent to the Measurement Date	43,464	-
Total	\$ 85,039	\$ 168,362

The District reported a total of \$43,464 as deferred outflows of resources related to pension contributions made subsequent to the measurement date of December 31, 2019, which will be recognized as a reduction in Net Pension Liability in the year ended July 31, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending July 31,	PERS (Plan B)
2021	\$ (36,428)
2022	(38,537)
2023	11,880
2024	(63,702)
Total	\$ (126,787)

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for the pension plan as of December 31, 2019 is as follows:

	PERS (Plan B)
Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.50%, Net of Investment Expense, Including Inflation
Expected Remaining Service Lives	4 Years
Projected Salary Increases	4.25% (1.85% Merit/2.40% Inflation)
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the board of trustees.
Mortality	Pub-2010 Public Retirement Plans Mortality Table for health retirees multiplied by 130% for males and 125% for females. For employees, the Pub-2010 Public Retirement Plans Mortality Table for general employees multiplied by 130% for males and 125% for females. Pub-2010 Public Retirement Plans Mortality Table for Disabled Retirees multiplied by 130% for males and 125% for females
Inflation Rate	2.40%

The discount rate used to measure the total pension asset was 6.50% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the board of trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Actuarial Methods and Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% for the year ended December 31, 2019.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	35%	1.05%
Equity	52%	3.41%
Alternatives	11%	0.61%
Real Assets	2%	0.11%
	100%	5.18%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.18%

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset. The discount rate used to measure the total pension asset was 6.50% for the year ended December 31, 2019.

**WATERWORKS DISTRICT NO. 1 OF THE
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Notes to Financial Statements

Note 9. Pension Plan (Continued)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following table presents the District's proportionate share of the Net Pension Liability (Asset) using the discount rate of the System as well as what the District's proportionate share of the Net Pension Liability (Asset) would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate used by the System:

	1.0% Decrease (5.50%)	Current Discount (6.50%)	1.0% Increase (7.50%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 359,396	\$ (66,902)	\$ (423,209)

Payables to the Pension Plan

The District recorded accrued liabilities to the System for the year ended July 31, 2020. The amounts due are included in liabilities under the amounts reported as accounts, salaries, and other payables. The balance due to the System at July 31, 2020 was \$10,224.

Note 10. Postemployment Health Care and Life Insurance Benefits

Plan Description

The District provides certain continuing health care and life insurance benefits for its retired employees. The District's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the District. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the District. No assets are accumulated in a trust that meets the criteria in GASB Codification Section P52, *Postemployment Benefits Other Than Pensions - Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria-Defined Benefit*.

Benefits Provided

Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement providing they have at least 15 years of service. Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (DROP entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007, retirement eligibility (DROP entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or age 67 and 7 years of service.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 10. Postemployment Health Care and Life Insurance Benefits (Continued)

Employees Covered by Benefit Terms

At July 31, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	6
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
Active Employees	<u>28</u>
	<u>34</u>

Total OPEB Liability

The District's total OPEB liability of \$1,873,455 was measured as of July 31, 2020 and was determined by an actuarial valuation as of August 1, 2019.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%, Including Inflation
Prior Discount Rate	3.43%
Discount Rate	2.10% Annually
Healthcare Cost Trend Rates	Flat 5.50% Annually then 4.50%

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of July 31, 2020, the end of the applicable measurement period.

Mortality rates were based on the SOA RP-2014 Table.

The actuarial assumptions used in the July 31, 2019 valuation were based on the results of ongoing evaluations of the assumptions from August 1, 2009 to July 31, 2019.

**WATERWORKS DISTRICT NO. 1 OF THE
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Notes to Financial Statements

Note 10. Postemployment Health Care and Life Insurance Benefits (Continued)

Changes in the Total OPEB Liability

Balance at July 31, 2019	\$ 3,162,192
Changes for the Year	
Service Cost	187,145
Interest	111,673
Difference between Expected and Actual Experience	(2,749,492)
Changes in Assumptions	1,198,452
Benefit Payments	<u>(36,515)</u>
Balance at July 31, 2020	<u>\$ 1,873,455</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.10%) or one percentage point higher (3.10%) than the current discount rate:

	1.0% Decrease (1.10%)	Current Discount (2.10%)	1.0% Increase (3.10%)
Total OPEB Liability	<u>\$ 2,177,188</u>	<u>\$ 1,873,455</u>	<u>\$ 1,628,506</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current healthcare cost trend rates:

	1.0% Decrease (4.50%)	Current Trend (5.50%)	1.0% Increase (6.50%)
Total OPEB Liability	<u>\$ 1,603,111</u>	<u>\$ 1,873,455</u>	<u>\$ 2,220,539</u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 10. Postemployment Health Care and Life Insurance Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended July 31, 2020, the District recognized OPEB expense of \$225,899. At July 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 232,298	\$ 2,587,757
Changes in Assumptions	1,405,438	216,675
Total	\$ 1,637,736	\$ 2,804,432

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended July 31,	Amount
2021	\$ (72,919)
2022	(72,919)
2023	(72,919)
2024	(72,919)
2025	(72,919)
Thereafter	(802,101)

Note 11. Deferred Compensation Plan

Employees of the District may participate in the deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457, *Deferred Compensation Plans with Respect to Service for State and Local Governments*.

The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 11. Deferred Compensation Plan (Continued)

The deferred compensation plan is administered by the Public Employees Benefit Services Corporation (PEBSCO), an independent entity. All assets of the plan are reported at fair market value and are administered by an independent entity. As part of its fiduciary role, the District has an obligation of due care in selecting the third-party administrator.

The deferred compensation plan laws and related plan provisions were amended so that the plan assets are no longer subject to the claims of the Police Jury creditors. The plan assets belong only to the employees and are held in trust for the employees' exclusive benefit. Therefore, GASB Statement No. 32 no longer requires the assets of the plan to be reported in the combined balance sheet as a fiduciary fund.

Note 12. Additional Billing and Collection

The District has entered into formal contracts with the Assumption Parish Police Jury, the Village of Napoleonville, and St. Martin, Back Marais, Aysenne, RDG Developers, Worldwide Environmental Solutions, Ridgeway Waste, and Cypress Village whereby the District, as an agent, bills and collects for solid wastes services rendered by the Police Jury and the Village of Napoleonville and the sewerage services rendered by the Village of Napoleonville and the sewerage districts. The Police Jury, the Village of Napoleonville, and St. Martin, Back Marais, Aysenne, RDG Developers, Worldwide Environmental Solutions, Ridgeway Waste, and Cypress Village pay 5% of collections of charges to its residents.

Note 13. Self-Insurance Health Program

The District participates in a self-insurance health program for employees of the District. A third-party administrator processes the claims and maintains records of the allowable costs, deductible costs, etc., with the activity of this program being reported in the District's waterworks system expenses. Under the program, the District maintains a specific stop loss policy which pays all claims exceeding \$30,000 per year per person with an aggregate deductible of \$405,254 for all employees. There are no lifetime or annual maximum dollar amounts on the plan. Claims liabilities at July 31, 2020 was \$241,945.

Note 14. Supplemental Cash Flows Disclosure

During the year ended July 31, 2020, the enterprise fund paid \$45,558 in interest on certificates of indebtedness outstanding. No amounts were paid for income taxes as the District is a component unit of the Assumption Parish Police Jury and governmental agencies are exempt from federal and Louisiana income taxes.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Financial Statements

Note 15. Related-Party Transactions

The District is a component unit of the Assumption Parish Police Jury. As described in Note 12, the District, as an agent, bills and collects for solid wastes services rendered by the Police Jury. In exchange for the service, the Police Jury pays the District 5% of collections of charges to its residents.

At July 31, 2020, the amount paid from the District to the Police Jury and collections paid from the Police Jury to the District totaled \$2,556,412 and \$131,303, respectively.

Note 16. Contingency

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the District operates. It is unknown how long these conditions will last and what the complete financial effect will be to the District.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**
Schedule of the District's Proportionate Share of Net Pension Liability (Asset)
For the Year Ended July 31, 2020

	2020	2019	2018	2017	2016
	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)
District's Proportion of the Net Pension Liability (Asset)	0.9247%	0.9223%	0.9370%	0.9427%	0.9042%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ (66,902)	\$ 249,186	\$ (117,889)	\$ 122,459	\$ 160,989
District's Covered Payroll	\$ 995,804	\$ 963,969	\$ 952,706	\$ 936,756	\$ 918,971
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-6.7184%	25.8500%	-12.3741%	13.0727%	17.5184%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	102.0457%	91.9310%	104.0192%	99.8906%	99.8906%

Notes:

PERS (Plan B) - Parochial Employees' Retirement System of Louisiana

The amounts presented have a measurement date of the previous fiscal year-end.

GASB 68 requires this schedule to show information for 10 years. The District has implemented GASB 68 in its 2016 fiscal year. Therefore, additional years will be displayed as they become available.

See independent auditor's report.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**
Schedule of the District's Contributions
For the Year Ended July 31, 2020

	2020	2019	2018	2017	2016
	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)	PERS (Plan B)
Contractually Required Contribution	\$ 78,144	\$ 74,174	\$ 75,627	\$ 74,901	\$ 77,139
Contributions in Relation to Contractually Required Contribution	78,144	74,174	75,627	74,901	77,139
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,041,925	\$ 947,294	\$ 941,700	\$ 936,256	\$ 806,578
Contributions as a Percentage of Covered Payroll	7.50%	7.83%	8.03%	8.00%	9.56%

Notes:

PERS (Plan B) - Parochial Employees' Retirement System of Louisiana

The amounts presented have a measurement date of the previous fiscal year-end.

GASB 68 requires this schedule to show information for 10 years. The District has implemented GASB 68 in its 2016 fiscal year. Therefore, additional years will be displayed as they become available.

See independent auditor's report.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended July 31, 2020

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 187,145	\$ 104,454	\$ 106,989
Interest	111,673	102,442	100,962
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	(2,749,492)	92,762	177,939
Changes of Assumptions	1,198,452	312,168	(257,302)
Benefit Payments	(36,515)	(37,661)	(35,698)
	<hr/>	<hr/>	<hr/>
Net Change in Total OPEB Liability	(1,288,737)	574,165	92,890
	<hr/>	<hr/>	<hr/>
Total OPEB Liability - Beginning	3,162,192	2,588,027	2,495,137
	<hr/>	<hr/>	<hr/>
Total OPEB Liability - Ending	\$ 1,873,455	\$ 3,162,192	\$ 2,588,027
	<hr/>	<hr/>	<hr/>
Covered-Employee Payroll	\$ 1,215,650	\$ 925,283	\$ 898,333
Net OPEB Liability as a Percentage of Covered-Employee Payroll	154.11%	341.75%	288.09%

Notes:

Benefit Changes. There were no changes of benefit terms for the year ended July 31, 2020.

Changes of Assumptions. There were no changes of assumptions for the year ended July 31, 2020.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Notes to Required Supplementary Information

Note 1. Pension Plan Schedules

Changes of Benefit Terms

There was no change of benefit terms noted for the 2019-2020 fiscal year for the pension plan.

Changes of Assumptions

For the 2019-2020 fiscal year, the pension plan discount rate used to measure the total pension liability as of the measurement date of July 31, 2019 changed from 6.75% to 6.50%.

OTHER SUPPLEMENTARY INFORMATION

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended July 31, 2020

Schedule 1

Agency Head
Bernard Francis Jr.

Purpose	Amount
Salary	\$96,206
Benefits - Insurance	\$16,631
Benefits - Retirement	\$3,342
Benefits - Other	\$839
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements - Telephone	\$0
Reimbursements - Supplies	\$100
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$200
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**
Schedule of Operating Expenses
For the Year Ended July 31, 2020

Schedule 2

Waterworks System Expenses

Purification and Plant Expenses

Chemicals and Purification Supplies	\$ 636,936
Salaries, Plant Personnel	424,800
Repairs and Maintenance	265,763
Utilities	212,679
Regulatory Fees	134,678
Retirement Plan	34,518
Payroll Taxes	30,701
Telemetry	25,245
Professional Services	15,165
Janitorial	12,350
Supplies and Expenses, Meter Readers	5,453
Disability Insurance	5,161
Communication	3,860
Travel and Education	2,261

Total Purification and Plant Expenses	<u>1,809,570</u>
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Distribution, Operation, and Maintenance Expenses

Salaries	319,400
Repairs and Maintenance	72,927
Utilities	38,570
Service Materials	32,923
Water User Fee	31,486
Retirement Plan	25,804
Transportation Expenses	23,149
Payroll Taxes	22,043
Other Expenses	8,798
Disability Insurance	3,481
Travel and Education	655

Total Distribution, Operation, and Maintenance Expenses	<u>579,236</u>
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Total Waterworks System Expenses	<u><u>\$ 2,388,806</u></u>
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See independent auditor's report.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**
Schedule of Operating Expenses (Continued)
For the Year Ended July 31, 2020

Schedule 2

Office, General, and Administrative Expenses	
Group Insurance	\$ 1,054,870
Salaries	312,720
Insurance	203,152
Stationary and Office Supplies	85,057
Fire Departments	62,602
Bad Debt	62,148
Professional Services, Legal, and Accounting	54,400
Uncollectible Accounts	27,999
Retirement Plan	24,932
Payroll Taxes	21,846
Uniform Reimbursements	13,662
Repairs and Maintenance	12,294
Dues and Fees	7,683
Per Diem Paid to Board Members	7,560
Communications	7,227
Covid - 19	5,685
Bank Charges	4,367
Deposit Delivery Charge	4,020
Collections	3,326
Other	1,165
Transportation	854
Professional Services, Engineering	785
Rent of Police Jury, Equity in System	720
Unemployment Compensation Insurance	633
Travel and Education	377
Substance Abuse Testing	279
	<hr/>
Total Office, General, and Administrative Expenses	\$ 1,980,363

See independent auditor's report.

WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA
Schedule of Changes in Assets Restricted for Revenue
Bond Debt Service
For the Year Ended July 31, 2020

Schedule 3

	Waterworks Utility Revenue Bond and Interest Sinking Fund - 2013
Cash and Investments, Beginning of Year	\$ 476,450
Increase in Cash and Investments	
Interest Earned	4,775
Transfers from Other Accounts	<u>670,558</u>
Total Cash Available	<u>1,151,783</u>
Decrease in Cash and Investments	
Principal Payment	610,000
Interest Payments	45,558
Transfers to Other Accounts	<u>8,898</u>
Total Decreases	<u>664,456</u>
Cash and Investments, End of Year	<u><u>\$ 487,327</u></u>

See independent auditor's report.

WATERWORKS DISTRICT NO. 1 OF THE
 PARISH OF ASSUMPTION, STATE OF LOUISIANA
 Schedule of Compensation Paid to Board of Commissioners
 For the Year Ended July 31, 2020

Schedule 4

<u>Board Members</u>	<u>Number of Meetings</u>	<u>Per Diem</u>
Bryan Dugas	9	\$ -
Calvin Steward	12	720
Charles Brown, Jr.	12	720
Glen Comeaux	10	600
Jaime Boudreaux	12	720
Jeremy Pipsair	6	-
Keith A. Sheffie	12	720
Paul J. Lewis	12	720
Scott Sternfels	11	660
Wayne Arboneaux	12	720
Adam Mayon	10	600
Travis Daigle	12	720
Jerome Bougere	10	660
		<u>\$ 7,560</u>

See independent auditor's report.

**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**

Independent Auditor's Report

The Board of Commissioners
Waterworks District No. 1 of the
Parish of Assumption, State of Louisiana
Napoleonville, 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 accompanying financial statements of the business-type activities of Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (the District), a component unit of the Assumption Parish Police Jury, as of and for the year ended July 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, and have issued our report thereon dated January 18, 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Baton Rouge, LA
January 18, 2021

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**
Schedule of Findings and Responses
For the Year Ended July 31, 2020

Part I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report | Unmodified |
| 2. Internal control over financial reporting | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

Not applicable.

Part II - Findings Related to the Financial Statements

None.

Part III - Compliance and Other Matters

None.

Part IV - Prior Year Findings

None.