

**WATER DISTRICT NO. 1  
OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

***Annual Financial Report***

***June 30, 2020 and 2019***

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA  
Annual Financial Report  
June 30, 2020 and 2019**

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**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2020 and 2019**

Water District No. 1 of the Parish of Lafourche, State of Louisiana (the District) is presenting the following discussion and analysis in order to provide an overall review of the financial activities for the fiscal years ending June 30, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the basic financial statements in order to enhance their understanding of the financial performance.

These activities of the District are accounted for much like that of a private business and use the full accrual method of accounting for transactions; and therefore all transactions are classified as "proprietary."

**FINANCIAL HIGHLIGHTS**

Our financial statements provide these insights into the results of this year's operations:

- Total assets increased by approximately \$.6 million while total liabilities decreased by \$3.7 million.
- Total net position increased by \$2.1 million or 2.5% from the prior year.
- Operating revenues decreased slightly by about 1.7% while operating expenses also decreased by approximately 6.6% from the prior year.
- Non-operating revenues increased by a little by 3% while non-operating expenses also increased.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual financial report consists of four parts: Management's Discussion and Analysis, the Financial Section, Required Supplemental Information, and Other Supplemental Schedules. The Financial Section also includes notes that explain in more detail some of the information in the financial statements.

**The *Basic Financial Statements*** - Comparative Statement of Net Position, the Comparative Statement of Revenues, Expenses and Changes in Net Position and the Comparative Statement of Cash Flows provide both long-term and short-term information about the overall financial data. The Comparative Statement of Net Position includes all assets, deferred inflows, liabilities, and deferred outflows and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). This financial statement reports the net position in its various components. Net position – the difference between assets plus deferred outflows and liabilities plus deferred inflows – is one way to measure financial health, or position.

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All of the current year's revenue and expenses are accounted for in the Comparative Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of operations over the past year and can be used to determine whether operations have successfully recovered all its costs through user fees and other charges, profitability, and credit worthiness.

The final required financial statement is the Comparative Statement of Cash Flows. The primary purpose of this statement is to provide information about cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting for operations, investing and financing activities and provides answers to such questions as where did the cash come from, what was the cash used for, and what was the change in cash balance during the reporting period.

Our auditor has provided assurance in the Independent Auditor's Report, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor regarding the Required Supplemental Information and the Other Supplemental Schedules is providing varying degrees of assurance.

**FINANCIAL ANALYSIS**

To begin our analysis, a condensed summary of the Comparative Statement of Net Position (in millions of dollars) is presented in the following table:

|                                     | <u>FY2020</u>  | <u>FY2019</u>  | <u>Dollar<br/>Change</u> |
|-------------------------------------|----------------|----------------|--------------------------|
| Current Assets                      | \$ 18.9        | \$ 18.6        | \$ 0.3                   |
| Restricted Assets                   | 4.9            | 4.8            | 0.1                      |
| Capital Assets                      | <u>73.1</u>    | <u>72.9</u>    | <u>0.2</u>               |
| <b>Total Assets</b>                 | <b>96.9</b>    | <b>96.3</b>    | <b>0.6</b>               |
| <b>Deferred Outflows</b>            | <b>1.0</b>     | <b>2.2</b>     | <b>(1.2)</b>             |
| Current Liabilities                 | 1.6            | 1.5            | 0.1                      |
| Long Term Liabilities               | <u>8.4</u>     | <u>12.2</u>    | <u>(3.8)</u>             |
| <b>Total Liabilities</b>            | <b>10.0</b>    | <b>13.7</b>    | <b>(3.7)</b>             |
| <b>Deferred Inflows</b>             | <b>1.2</b>     | <b>0.2</b>     | <b>1.0</b>               |
| Net investment in capital<br>assets | 67.6           | 65.8           | 1.8                      |
| Restricted                          | 3.2            | 3.3            | (0.1)                    |
| Unrestricted                        | <u>15.9</u>    | <u>15.5</u>    | <u>0.4</u>               |
| <b>Total Net Position</b>           | <b>\$ 86.7</b> | <b>\$ 84.6</b> | <b>\$ 2.1</b>            |

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The liabilities to assets ratio, which indicates the degree to which the assets are financed through borrowing and other obligations, decreased slightly due to scheduled debt payments from 14.2% at June 30, 2019 to 10.3% at June 30, 2020. Total net position increased \$2.1 million or 2.5%.

Restricted Net Assets (those established by debt covenants, enabling legislation, or other legal requirements) increased by approximately 2.1%. Unrestricted Net Position increased by approximately \$.4 million to \$15.9 million. The Net Investment in Capital Assets increased by \$1.8 million absorbing the remaining positive change in net position.

The following denotes explanations for some of the major changes between fiscal years, as shown in the previous table:

- Current assets increased by .3% primarily due to an increase in unrestricted cash and investments generated by from operations. Restricted cash and investments increased slightly as well.
- Capital assets increased by \$.2 million primarily due to the addition of new construction projects being entered into and completed during the fiscal year and capital assets purchased.
- Current liabilities increased slightly due to slight decreases in accounts payables and retainage payables.
- Long term liabilities decreased by over 30% due to the decrease in pension liabilities and other post-employment benefits.

A condensed summary of the Comparative Statement of Revenues, Expenses and Changes in Net Position (in millions of dollars) is presented in the following table:

|  | FY<br>2020  | FY 2019     | Dollar<br>Change |
|--|-------------|-------------|------------------|
| Operating Revenues                         | \$ 11.8     | \$ 12.0     | \$ (0.2)         |
| Non-operating Revenues                     | 3.4         | 3.3         | 0.1              |
| <b>Total Revenues</b>                      | <b>15.2</b> | <b>15.3</b> | <b>(0.1)</b>     |
| Depreciation/Amortization Expense          | 4.5         | 4.6         | (0.1)            |
| Other Operating Expenses                   | 8.6         | 9.0         | (0.4)            |
| Non-operating Expenses                     | 0.3         | (0.2)       | 0.5              |
| <b>Total Expenses</b>                      | <b>13.4</b> | <b>13.4</b> | <b>-</b>         |
| <b>Income before Capital Contributions</b> | <b>1.8</b>  | <b>1.9</b>  | <b>(0.1)</b>     |
| Capital Contributions                      | 0.3         | 0.0         | 0.3              |
| <b>Change in Net Position</b>              | <b>2.1</b>  | <b>1.9</b>  | <b>0.2</b>       |

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended June 30, 2020 and 2019*

|                               |                |                |               |
|-------------------------------|----------------|----------------|---------------|
| <b>Beginning Net Position</b> | <u>84.6</u>    | <u>82.7</u>    | <u>1.9</u>    |
| <b>Ending Net Position</b>    | <u>\$ 86.7</u> | <u>\$ 84.6</u> | <u>\$ 2.1</u> |

Operating revenues decreased slightly by approximately \$.2 million or 1.7% and non-operating revenues increased slightly by \$.1 million or 3%. Depreciation expense and other operating expenses remained relatively the same as the prior year.

**BUDGETARY HIGHLIGHTS**

As required by its bond covenants, the District adopts an Operating and Capital Works Budget no later than June 30<sup>th</sup> of each year. The budget remains in effect the entire year unless it is revised.

A budget comparison and analysis is presented to the Board in monthly interim financial statements. The adopted budget was not revised. A comparison of budget and actual (in millions of dollars) is presented in the following table:

|  | <u>Budget</u>        | <u>FY2020</u>         | <u>Dollar<br/>Variance</u> |
|--|----------------------|-----------------------|----------------------------|
| Operating Revenues                         | \$11.9               | \$ 11.8               | \$ (0.1)                   |
| Non-operating Revenues                     | 3.2                  | 3.4                   | 0.2                        |
| <b>Total Revenues</b>                      | <b>15.1</b>          | <b>15.2</b>           | <b>0.1</b>                 |
| Operating Expenses                         | 8.3                  | 8.6                   | (0.3)                      |
| Depreciation                               | 4.2                  | 4.5                   | (0.3)                      |
| Non-operating Expenses                     | 0.3                  | 0.3                   | -                          |
| <b>Total Expenses</b>                      | <b>12.8</b>          | <b>13.4</b>           | <b>(0.6)</b>               |
| <b>Income before Capital Contributions</b> | <b>2.3</b>           | <b>1.8</b>            | <b>(0.5)</b>               |
| Capital Contributions                      | -                    | 0.3                   | 0.3                        |
| <b>Change in Net Position</b>              | <b>2.3</b>           | <b>2.1</b>            | <b>(0.2)</b>               |
| <b>Beginning Net Position</b>              | <b>84.6</b>          | <b>84.6</b>           | <b>-</b>                   |
| <b>Ending Net Position</b>                 | <b><u>\$86.9</u></b> | <b><u>\$ 86.7</u></b> | <b><u>\$ (0.2)</u></b>     |

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended June 30, 2020 and 2019*

**CAPITAL ASSETS**

The District reported a net of \$73 million of capital assets. This amount represents a slight increase (including additions and deductions and less depreciation) from the prior year as summarized below:

|   | <b>2018</b>          | <b>2019</b>         | <b>2020</b>          |
|---|----------------------|---------------------|----------------------|
| Land and Right of Ways                    | \$ 1,351,109         | \$ 1,351,109        | \$ 1,351,109         |
| Construction in Progress                  | 2,907,390            | 3,219,975           | 3,539,117            |
| Water Plant & Building                    | 36,434,725           | 36,548,222          | 38,303,631           |
| Transmission & Distribution               | 107,730,677          | 110,584,042         | 113,035,349          |
| Distribution Equipment                    | 984,054              | 909,993             | 909,993              |
| Administration Buildings                  | 631,317              | 631,317             | 631,317              |
| Furniture & Equipment                     | 299,083              | 185,030             | 216,412              |
| Transportation Equipment                  | 656,441              | 526,504             | 536,687              |
| Intangible Assets                         | 52,500               | 20,756              | 25,181               |
| <b>Total Cost of Assets</b>               | <b>151,047,296</b>   | <b>153,976,948</b>  | <b>158,548,796</b>   |
| Accumulated Depreciation/<br>Amortization | (78,024,227)         | (81,050,574)        | (85,487,714)         |
| <b>Total Capital Assets, Net</b>          | <b>\$ 73,023,069</b> | <b>\$72,926,374</b> | <b>\$ 73,061,082</b> |
| <b>Depreciation/Amortization Expense</b>  | <b>\$ 4,058,646</b>  | <b>\$ 4,630,857</b> | <b>\$ 4,521,510</b>  |

During the fiscal year \$4.5 million assets were capitalized, including \$2.6 million transferred from Construction in Progress. Additional detailed information about capital assets is presented in Note 6 to the financial statements.

**DEBT ADMINISTRATION**

The District reflected the following in outstanding long term obligations at year end as shown in the table below:

|                                  | <b>2018</b>         | <b>2019</b>          | <b>2020</b>         |
|----------------------------------|---------------------|----------------------|---------------------|
| Water Revenue Bonds:             |                     |                      |                     |
| \$6,450,000 dated 11/22/11       | \$ 2,875,000        | \$ 2,200,000         | \$ 1,495,000        |
| \$3,660,000, dated 3/19/13       | 1,965,000           | 1,600,000            | 1,220,000           |
| \$5,975,000, dated 5/26/15       | 5,475,000           | 4,955,000            | 4,415,000           |
| <b>Total Water Revenue Bonds</b> | <b>\$10,315,000</b> | <b>\$ 8,755,000</b>  | <b>\$ 7,130,000</b> |
| Deferral on Refunding            | (153,854)           | (120,050)            | (86,246)            |
| OPEB Liability                   | 939,819             | 977,456              | 1,217,038           |
| Net Pension Liability            | (388,156)           | 2,418,551            | 26,491              |
| <b>Total outstanding</b>         | <b>\$10,712,809</b> | <b>\$ 12,030,957</b> | <b>\$ 8,287,283</b> |

More detailed information about long-term debt is presented in Notes 7-9 to the financial statements.



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2020 and 2019**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

For the fiscal year 2021, it is estimated that the District:

- Will serve an average of 33,526 customers
- Will generate water sales in the amount of 3,058,741 M gallons

**June 30, 2021 Summary of Projected Budget**

|                                |                            |
|--------------------------------|----------------------------|
| Water Service Revenue          | \$ 12,109,470              |
| Operating Expenses             | <u>(8,481,041)</u>         |
| Net Operating Revenue          | 3,628,429                  |
| Other Income                   | 3,259,165                  |
| Other Expenses                 | <u>(261,829)</u>           |
| Net Income before Depreciation | 6,625,765                  |
| Depreciation                   | <u>(4,350,000)</u>         |
| Net Income                     | <u><u>\$ 2,275,765</u></u> |

Historically, a substantial portion of the District's income has been derived from a maintenance and operating tax levied by the District. By election on December 6, 2014, the voters approved to continue a maximum operating and maintenance tax of 3.57 mills per annum. For the fiscal year 2020, the Board of Commissioners approved a 3.57 mill levy on for operating and maintenance tax purposes, and such levy has been used for budget purposes for the 2021 fiscal year.

The District's capital and restricted equity budget for fiscal year 2021 provides for total expenses of \$14,218,878, including \$4,608,250 of new/carryover construction and waterline replacement projects; \$3.7 million for purification equipment and replacement; \$940,000 for distribution equipment and replacement; and \$1.7 million in office improvements and equipment. The District has budgeted \$2.7 million for new construction – the most significant project is the North Treatment Capacity Expansion for \$1.5 million.

The District has budgeted to use \$641,738 from restricted equity for the Cleaning & Painting of Elevated Storage Tanks project.

In summary, the proposed budget indicates that the District will not only meet cash requirements, but will also have fund balances as required by the outstanding bond resolutions.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2020 and 2019**

**CONTACTING MANAGEMENT**

This Annual Financial Report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of our finances and to demonstrate accountability for the money we receive. If you have questions about this report or need additional financial information, contact:

Jennifer Savoie, Office Manager,  
P.O. Box 399, Lockport, LA 70374,  
1-800-344-1580

# ***FINANCIAL SECTION***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Water District No. 1 of the Parish of Lafourche  
State of Louisiana

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the business type activities of the Water District No. 1, of the Parish of Lafourche, State of Louisiana, a component unit of the Lafourche Parish Council, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the 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 an opinion on these financial statements based on 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 Statements*, 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 of 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 financial position of the business type activities of the Water District No. 1 as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information 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 an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The Other Supplemental Schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other Supplemental Schedules 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, except for the schedule of Metered Water Customers and the Schedule of Insurance in Force marked "unaudited", 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements taken as a whole. The schedules marked "unaudited" have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated October 16, 2020, on our consideration of the 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 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 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 District No. 1 of the Parish of Lafourche's internal control over financial reporting and compliance.

*Stagni & Company*

Thibodaux, Louisiana  
October 16, 2020



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Comparative Statement of Net Position  
Water Enterprise Fund  
June 30, 2020 and 2019

| <b>ASSETS</b>  | 2020                 | 2019                 |
|--|----------------------|----------------------|
| <b>CURRENT ASSETS</b>  |                      |                      |
| Cash and cash equivalents  | \$ 3,813,016         | \$ 3,771,283         |
| Investments  | 12,571,403           | 12,063,953           |
| Receivables:   |                      |                      |
| Water sales  | 548,020              | 652,528              |
| Unbilled water sales   | 797,991              | 1,020,823            |
| Sewerage   | 77,785               | 67,533               |
| Inventories  | 699,480              | 670,003              |
| Prepaid insurance  | 437,195              | 306,936              |
|  | <u>18,944,890</u>    | <u>18,553,059</u>    |
| <b>RESTRICTED ASSETS (cash and investments):</b>   |                      |                      |
| Water revenue bond current debt service cash account   | 1,575,821            | 1,505,536            |
| Water revenue bond future debt service reserve account   | 1,967,000            | 1,967,000            |
| Water revenue bond contingency account   | 200,000              | 200,000              |
| Customer meter deposits cash   | 310,822              | 294,197              |
| Customer meter deposits investments  | 850,000              | 850,000              |
|  | <u>4,903,643</u>     | <u>4,816,733</u>     |
| <b>CAPITAL ASSETS</b>  |                      |                      |
| at cost (net of accumulated depreciation/amortization<br>of \$85,487,714 for 2020 and \$81,050,574 for 2019) | 73,061,082           | 72,926,374           |
| <b>TOTAL ASSETS</b>  | <u>96,909,615</u>    | <u>96,296,166</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                      |                      |
| Deferred charge on refunding   | 86,247               | 120,050              |
| Deferred Pension Contributions   | 205,652              | 199,367              |
| Deferred Pension - Other   | 406,868              | 1,771,369            |
| Deferred other post employment benefit amounts   | 289,036              | 61,176               |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>  | <u>987,803</u>       | <u>2,151,962</u>     |
| <b>LIABILITIES</b>   |                      |                      |
| <b>CURRENT LIABILITIES (payable from current assets):</b>  |                      |                      |
| Accounts payable and accrued expenses  | 86,497               | 79,927               |
| Retainage payable  | 68,508               | 31,596               |
| Due to other entities for water sale collections   | 176,696              | 159,663              |
| <b>CURRENT LIABILITIES (payable from restricted assets):</b>   |                      |                      |
| Interest accrued   | 114,013              | 134,738              |
| Customer meter deposits  | 1,160,790            | 1,143,995            |
|  | <u>1,606,504</u>     | <u>1,549,919</u>     |
| <b>LONG-TERM DEBT</b>  |                      |                      |
| Due within one year  | 1,675,000            | 1,625,000            |
| Due after one year   | 5,455,000            | 7,130,000            |
| Net other post employment benefits liability   | 1,217,038            | 977,456              |
| Net Pension Liability  | 26,491               | 2,418,551            |
|  | <u>8,373,529</u>     | <u>12,151,007</u>    |
| <b>TOTAL LIABILITIES</b>   | <u>9,980,033</u>     | <u>13,700,926</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                      |                      |
| Deferred pension amounts   | 4,008                | 154,059              |
| Deferred other post employment benefit amounts   | 1,233,530            | -                    |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>   | <u>1,237,538</u>     | <u>154,059</u>       |
| <b>NET POSITION</b>  |                      |                      |
| Net Investment in capital assets   | 67,606,082           | 64,268,069           |
| Restricted for:  |                      |                      |
| Customer Deposits  | 1,160,790            | 1,143,995            |
| Capital Projects and maintenance   | 141,738              | 817,254              |
| Debt Service   | 1,903,025            | 1,867,562            |
| Unrestricted   | 15,868,212           | 16,496,263           |
| <b>TOTAL NET POSITION</b>  | <u>\$ 86,679,847</u> | <u>\$ 84,593,143</u> |

See Notes to Financial Statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Comparative Statement of Revenues, Expenses and Changes in Net Position  
Water Enterprise Fund  
For the years ended June 30, 2020 and 2019

|   | 2020          | 2019          |
|---|---------------|---------------|
| <b>OPERATING REVENUES:</b>                          |               |               |
| Metered sales to regular customers                  | \$ 11,069,140 | \$ 11,293,612 |
| Metered sales to industrial and municipal customers | 6,014         | 8,854         |
| Connection charges and other revenues               | 741,607       | 691,276       |
|   | 11,816,761    | 11,993,742    |
| <b>OPERATING EXPENSES:</b>                          |               |               |
| Water purchased for resale                          | 27,501        | 30,110        |
| Water treatment expenses                            | 3,864,545     | 3,682,935     |
| Transmission and distribution expenses              | 1,821,847     | 1,779,412     |
| Customer accounts expenses                          | 1,300,495     | 1,175,272     |
| Administrative and general expenses                 | 1,558,231     | 2,328,523     |
| Depreciation and Amortization                       | 4,521,510     | 4,630,857     |
|   | 13,094,128    | 13,627,109    |
| Operating Income (Loss)                             | (1,277,367)   | (1,633,367)   |
| <b>NON-OPERATING REVENUE:</b>                       |               |               |
| Investment income                                   | 357,232       | 281,684       |
| Ad Valorem taxes                                    | 2,926,523     | 2,981,490     |
| Shared revenue                                      | 52,376        | 52,348        |
| Other income  | 50,334        | 6,287         |
|   | 3,386,465     | 3,321,809     |
| <b>NON-OPERATING EXPENSES:</b>                      |               |               |
| Interest on bonds                                   | 248,750       | 269,475       |
| Amortization of debt discount and refunding         | 33,804        | 33,804        |
| (Gain) loss on sale of fixed assts                  | 75,374        | (479,353)     |
| (Gain) loss on investments                          | (20,725)      | (17,652)      |
|   | 337,203       | (193,726)     |
| Income (loss) before Capital Contributions          | 1,771,895     | 1,882,168     |
| Capital contributions and reserve purchases         | 314,809       | 19,546        |
| Change in net position                              | 2,086,704     | 1,901,714     |
| <b>Net Position:</b>                                |               |               |
| Beginning of year                                   | 84,593,143    | 82,691,429    |
| End of year   | \$ 86,679,847 | \$ 84,593,143 |

See notes to financial statements.



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Comparative Statement of Cash Flows  
Water Enterprise Fund  
For the years ended June 30, 2020 and 2019

|   | 2020          | 2019          |
|---|---------------|---------------|
| <b>Cash flows from operating activities:</b>  |               |               |
| Cash received from customers  | \$ 12,150,644 | \$ 12,032,788 |
| Cash payments to suppliers for goods and services                                       | (13,661,057)  | (4,344,403)   |
| Cash payments made to employees for services  | 4,989,218     | (4,730,106)   |
| Net cash provided (used) by operating activities  | 3,478,805     | 2,958,279     |
| <b>Cash flows from noncapital financing activities:</b>                                 |               |               |
| Ad valorem taxes received   | 2,926,523     | 2,981,490     |
| Revenue sharing grant   | 52,376        | 52,348        |
| Other noncapital financing revenue  | 50,334        | 6,287         |
| Net cash provided (used) by noncapital financing activities                             | 3,029,233     | 3,040,125     |
| <b>Cash flows from capital and related financing activities:</b>                        |               |               |
| (Acquisition) sale of capital assets  | (4,416,783)   | (4,035,263)   |
| Principal paid on revenue bond maturities   | (1,625,000)   | (1,500,000)   |
| Interest on revenue bonds   | (269,475)     | (288,519)     |
| Net cash provided (used) for capital and related financing activities                   | (6,311,258)   | (5,823,782)   |
| <b>Cash flows from investing activities:</b>  |               |               |
| Sales in excess of purchases and maturities/reclassification of investments             | (446,088)     | (1,108,860)   |
| Gain (loss) on sale of investments  | 20,719        | 17,646        |
| Interest and dividends on investments   | 357,232       | 281,684       |
| Net cash provided (used) by investing activities  | (88,137)      | (809,530)     |
| <b>Net increase (decrease) in cash and cash equivalents</b>                             | 128,643       | (634,908)     |
| Cash and cash equivalents at the beginning of year                                      | 5,571,016     | 6,205,924     |
| <b>Cash and cash equivalents at the end of year</b>                                     | \$ 5,699,659  | \$ 5,571,016  |
| <br>  |               |               |
| Cash and cash equivalents are composed of:  |               |               |
| Unrestricted Cash and Cash Equivalents  | \$ 3,813,016  | \$ 3,771,283  |
| Cash and cash equivalents from restricted cash:   |               |               |
| Water revenue bond current debt service account   | 1,575,821     | 1,505,536     |
| Customer meter deposits   | 310,822       | 294,197       |
|   | \$ 5,699,659  | \$ 5,571,016  |
| <br>  |               |               |
| <b>Reconciliation of operating income to net cash provided by operating activities:</b> |               |               |
| Operating income (loss)   | (\$1,277,367) | (\$1,633,367) |
| Adjustments to reconcile operating income to net cash provided by operating activities: |               |               |
| Depreciation and Amortization   | 4,521,510     | 4,630,857     |
| Changes in assets and liabilities:  |               |               |
| (Increase) decrease in receivables  | 317,088       | 22,571        |
| (Increase) decrease in inventory  | (29,477)      | (10,107)      |
| (Increase) decrease in prepaid insurance  | (130,259)     | (190)         |
| Increase (decrease) in accounts payable   | 23,603        | (6,761)       |
| Increase (decrease) in contracts and retainage payable                                  | 36,912        | (61,199)      |
| Increase (decrease) in customer deposits  | 16,795        | 16,475        |
| Total adjustments   | 4,756,172     | 4,591,646     |
| Net cash provided (used) by operating activities  | \$ 3,478,805  | \$ 2,958,279  |
| <br>  |               |               |
| Noncash investing and financing activities:   |               |               |
| Acquisitions of Capital assets through capital contributions                            | \$314,809     | \$19,546      |
| Net Other Postemployment Benefits Obligation Increase                                   | \$239,582     | \$37,637      |
| Net Pension Obligation (Asset) Increase (Decrease)                                      | (\$2,392,060) | \$2,806,707   |
| Amortization of debt discount and refunding   | \$33,804      | \$33,804      |
| Revenue from Non-Employer Contributions   | \$45,539      | \$41,640      |

See notes to financial statements.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

**Notes to Financial Statements**

For the years ended June 30, 2020 and 2019

Water District No. 1 of the Parish of Lafourche, State of Louisiana, (the District) was created by the Police Jury of the Parish of Lafourche in accordance with the provisions of Act 343 of the Louisiana Legislature. The Board of Commissioners consists of 11 members who serve for an indefinite term, at the pleasure of the Lafourche Parish Council.

The District's boundaries encompass the entire Parish of Lafourche, except for the City of Thibodaux. The services provided include a complete public water utility system of water purification, distribution, and customer accounting and collection.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described as follows:

**Note 1      *Summary of Significant Accounting Policies***

***Reporting Entity***

Based on the following criteria the District is considered a component unit of the Lafourche Parish Council. The financial statements include all accounts of the District's operations. The criteria for including organizations as component units as a reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards include whether:

- The organization is legally separate (and can be sued in its own name)
- The Council holds the Corporate powers of the organization
- The Council appoints the voting majority of the Board of Commissioners
- The Council is able to impose its will on the organization
- The entity is able to impose a financial benefit/burden on the Council
- There is a fiscal dependency by the organization on the Council

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2020 and 2019

**Note 1      *Summary of Significant Accounting Policies (Continued)***

***Measurement Focus and Basis of Accounting***

The financial statements of the District are prepared on the accrual basis of accounting for proprietary funds. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Proprietary funds are reported using the economic resources measurement focus. Proprietary funds report operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The operating revenues of the District come from metered sales to residential, industrial and municipal customers as well as service connection charges and penalties from late payment of bills. Operating expenses include the cost of sales and services, administrative expenses, amortization of intangible assets and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

***Deposits and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law allows investments in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid (i.e. maturity date of 3 months or less from the date of purchase) deposits and investments (including restricted assets and the investment in LAMP) to be cash equivalents.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2020 and 2019

**Note 1**                      **Summary of Significant Accounting Policies (Continued)**

**Receivables**

In the opinion of management all trade receivables are fully collectible. The opinion is based upon historical experience and a review of receivable balances. No allowance for uncollectible accounts has been provided.

**Inventories**

Materials and supplies inventory is valued at cost using the first-in/first-out method.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

**Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods and services. The commitments are not treated as expenses until a liability for payment is incurred but are merely used to facilitate effective budget control and cash planning and management. The District does not employ encumbrance accounting where a portion of the applicable appropriation is reserved for open purchase orders.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets. Capital assets in service are depreciated using the straight-line method over the following useful lives:

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2020 and 2019

**Note 1**                      **Summary of Significant Accounting Policies (Continued)**

**Capital Assets (continued)**

| <b>Type of Asset</b>                 | <b>Service Life</b> |
|--------------------------------------|---------------------|
| Water Plant and Buildings            | 7 - 44 years        |
| Transmission and Distribution System | 3 - 44 years        |
| Distribution and Maintenance         | 5 - 10 years        |
| Administration and Office Buildings  | 25 - 30 years       |
| Furniture and Equipment              | 3 - 8 years         |
| Transportation Equipment             |                     |
| Intangible Assets                    | 3 - 5 years         |

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement 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 (expense/expenditure) until then. The District has multiple items that qualify for reporting in this category:

- The deferred charge on refunding reported in the statement of net position of \$86,247 and \$120,050 for 2020 and 2019 respectively and results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded debt.
- The Deferred Outflow of resources related to pension contributions is the amount of the contributions paid after the pension plan measurement date (December 31, 2019 and 2018). These employer contributions from January-June 2020 and 2019 were \$205,652 and \$199,367, respectively. This amount will be amortized using a straight-line amortization method over a period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements  
For the years ended June 30, 2020 and 2019

**Note 1**                      **Summary of Significant Accounting Policies (Continued)**

**Deferred Outflows/Inflows of Resources (Continued)**

- The deferred outflow related to pension - Other is comprised of:
  - The District's proportionate share of deferred outflows at December 31, 2019 and 2018 (the pension plan measurement dates), includes the:
    - changes in employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date and were recognized in the pension expense/(benefit) using a straight amortization method over a period equal to the average of the expected remaining services lives (4 years) of all employees that are provided pensions through the pension plan;
    - the changes in assumptions about future economic or demographic factors is a deferred outflow that was recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provide with pensions through the pension plan;
    - the other pension outflows also include the net differences between projected and actual investment earnings on pension plan investments and were recognized in pension expense using the straight-line amortization method over a five year period.
    - These deferred outflows were \$406,868 and \$1,771,369 for 2020 and 2019, respectively for the measurement period (12/31/19 and 12/31/18).
  - The deferred outflow from other post-employment benefits (OPEB) is comprised of:
    - the changes in assumptions about future economic or demographic factors is a deferred outflow that was recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provide with pensions through the pension plan;
    - for the proportionate share of the differences between the expected and actual experience with regard to economic or demographic factors and changes in proportion.
    - These deferred outflows were \$289,036 and 61,176 for 2020 and 2019, respectively.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2020 and 2019

**Note 1**                      **Summary of Significant Accounting Policies (Continued)**

**Deferred Outflows/Inflows of Resources (Continued)**

The 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 that time. The deferred inflow line item relates to the implementation of GASB 68 for Pension Plans and GASB 75 for Other Post-Employment Benefits.

For GASB 68 the deferred inflows is for the proportionate share of the differences between the expected and actual experience with regard to economic or demographic factors and changes in proportion. The measurement of the total pension liability was recognized in pension expense using the straight-line amortization method over a period equal to the average of the expected remaining service lives (4 years) of all employees that are provided with pension through the pension plan. These deferred inflows were \$4,008 and \$154,059 for 2020 and 2019, respectively for the measurement period (12/31/19 and 12/31/18).

For GASB 75 the deferred inflows is also for the proportionate share of the differences between the expected and actual experience with regard to economic or demographic factors and changes in proportion. The measurement of the total OPEB liability was recognized in OPEB expense using the straight-line amortization method over a period equal to the average of the expected remaining service lives (4 years) of all employees. These deferred inflows were \$1,233,530 for 2020.

**Compensated Absences**

The District has a policy that provides compensation to employees for vacation; or for illness; or for personal obligations and other responsibilities.

- Permanent employees earn paid vacations at their regular rate of pay, excluding overtime, after a period of one year of employment of one to five weeks based upon length of employment. Generally, vacation leave does not vest. Vacations must be taken by December 31<sup>st</sup> of each year.
- Upon attaining 6 months of employment, an employee is entitled to thirteen days of sick leave per year. Sick leave does not accumulate, but it vests to a maximum of 34 hours. The balance of sick leave is paid to each employee in December of every year to a maximum of 34 hours per employee.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2020 and 2019

**Note 1      Summary of Significant Accounting Policies (Continued)**

**Compensated Absences (continued)**

- All employees upon attaining 1 full year of service shall be entitled to 1 day per year of personal preference leave. Time not taken by December 31st of each year shall be lost.

The current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. Accrued sick leave of \$49,498 and \$49,104 for 2020 and 2019, respectively and is included in accounts payable and accrued expenses on the Comparative Statement of Net Position.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees Retirement System (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 are reported at fair value.

**Long term Obligations**

In the proprietary fund types financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts.



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2020 and 2019

**Note 1      Summary of Significant Accounting Policies (Continued)**

***Restricted Assets***

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Deposits from customers on their accounts are also classified as restricted assets.

***Net Position***

Net position in proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. At year-end, restricted net position consisted of restricted cash and investments held for payment of future construction contracts and maintenance, held for payment of customer deposits, and held for payment of debt service.

***Contributed Capital***

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2020 and 2019

**Note 1      *Summary of Significant Accounting Policies (Continued)***

***Risk Management***

The District has purchased commercial insurance to manage risk in the following areas; building and contents, boiler and machinery, general liability, commercial automobile, end to pollution, terrorism risk, directors and officers liability coverage, excess directors and officers liability, public official bonding, public employees blanket bond, workmen's compensation liability and employee health. There have been no significant reductions in insurance coverage in any area. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

***Recently Issued Accounting Standards***

The District will adopt the following new accounting pronouncements in future years:

- GASB Statement No. 87 – *Leases*, effective for the District's fiscal year ending June 30, 2021.

The impact of this pronouncement on the District's financial statements has not been determined.

**Note 2      *Budget Information***

The annual budget is a management tool that assists users in analyzing financial activity for the ensuing fiscal year. State law does not require a budget be adopted or reported for Enterprise Funds and accordingly; no budget and actual comparisons are presented in this report.

Compliance with bond resolutions and covenants, authorizing and securing the currently outstanding revenue bonds does require the adoption of a budget. Prior to the close of each fiscal year the Board adopts a proposed budget. The budget for this fiscal year was adopted on June 20, 2019 at the regular board meeting.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2020 and 2019

**Note 3      Deposits with Financial Institutions and Investments**

Deposits (demand deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. At June 30, 2020 and 2019, the carrying amounts of deposits were \$16,963,016 and \$16,715,380 and the bank balances were \$17,429,145 and \$17,159,904. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial Credit risk is the risk that in an event of a bank failure, deposits may not be returned to the entity. As of June 30, 2020, and 2019, \$16,992,567 and \$16,409,804 of the bank balances was exposed to custodial credit risk.

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

FDIC and pledged securities valued at \$20,018,139 and \$18,861,417 for 2020 and 2019, respectively, secure these deposits from risk. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the District's name.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, 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 entity that the fiscal agent has failed to pay deposited funds upon demand.

*Investments* at June 30, 2019 consisted of:

| Investment               | Carrying Amount     | Fair Value          | Maturities                    |
|--------------------------|---------------------|---------------------|-------------------------------|
| Government Money Market  | \$3,472,536         | \$3,472,536         | Less than a year              |
| Certificates of Deposits | 12,650,000          | 12,650,000          | Less than a year              |
| <b>TOTAL</b>             | <b>16,122,536</b>   | <b>16,122,536</b>   |                               |
| LAMP                     | 463,953             | 463,953             | Avg. maturity 60 days or less |
| <b>TOTAL INVESTMENTS</b> | <b>\$16,586,489</b> | <b>\$16,586,489</b> |                               |

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2020 and 2019

**Note 3      Deposits with Financial Institutions and Investments (continued)**

*Investments* at June 30, 2020 consisted of:

| Investment               | Carrying Amount     | Fair Value          | Maturities                    |
|--------------------------|---------------------|---------------------|-------------------------------|
| Government Money Market  | \$3,542,821         | \$3,542,821         | Less than a year              |
| Certificates of Deposits | 13,150,000          | 13,150,000          | Less than a year              |
| <b>TOTAL</b>             | <b>16,692,821</b>   | <b>16,692,821</b>   |                               |
| LAMP                     | 471,403             | 471,403             | Avg. maturity 60 days or less |
| <b>TOTAL INVESTMENTS</b> | <b>\$17,164,224</b> | <b>\$17,164,224</b> |                               |

The District invests in the Louisiana Asset Management Pool (LAMP), a state and local government investment pool, administered by LAMP, Inc., which is a nonprofit corporation organized under the laws of the State of Louisiana which was formed by an initiative of the State Treasurer in 1993. A board of directors consisting of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's governs the corporation. These approved investments are carried at cost, which approximate market and may be liquidated as needed.

*Interest Rate Risk.* The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Most of the investments are for the construction project and debt service obligation accounts and the district invests its moneys in short term maturity investments so as to have cash flows available to pay invoices on the construction projects and debt service as they become due and payable.

*Credit Risk and Custodial Credit Risk.* State law limits investments in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. The state investment pool (LAMP) operates in accordance with state laws and regulations. It is the District's policy to limit its investments in these investment types. At March 2019 and 2020, the District's investment in LAMP was rated AAAM by Standard & Poor's.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, an entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2020 and 2019

**Note 3      Deposits with Financial Institutions and Investments (Continued)**

The District invests in structured financial instruments, which are held by an agent in the District's name. Structured financial instruments generally include contracts, whose value depend on, or derive from, the value of an underlying asset, reference rate, or index. At June 30, 2020 and 2019 the District invested in federated government obligations money market fund with a 7 day yield at 301% and 2.01%, respectively.

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk; therefore, the district does not have to disclose credit risk for the U.S. Treasury Obligations and U.S. agencies since they carry the explicit guarantee of the U.S. government.

**Note 4      Ad Valorem Taxes**

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

|                           | Authorized<br>Millage | Levied<br>Millage |
|---------------------------|-----------------------|-------------------|
| Water District Operations | 3.61                  | 3.57              |

Each November based on the assessed value of property as of the prior January 1 the Parish Assessor of Lafourche sends ad valorem tax bills. Billed taxes become delinquent on January 1 of the following year.

A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed as of January 1, 2016. The assessed values for the property on January 1, on which the 2020 and 2019 levies were based, was \$872,129,954 and \$870,308,254, respectively.

The authorization to levy ad valorem taxes was granted through Parish elections for the purpose of operating and maintaining the water system for the constituents. The millage levied for the year June 30, 2020 and 2019 was 3.57 mills. Taxes collected as of June 30, 2020 on the 9 taxes levied was 94%. Taxes collected as of June 30, 2019 on the 2018 taxes levied was 96%.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements

For the years ended June 30, 2020 and 2019

**Note 5      *Deferred Compensation Plan***

Employees of the Water District are eligible to contribute to the Louisiana Deferred Compensation Plan under Internal Revenue Code 457 on a voluntary basis. The plan provides state, parish and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants can contribute up to a maximum of 100% of compensation, not to exceed \$18,000 per calendar year. Additionally, if age 50 or older, participants may elect the Age 50+ provision to defer an additional \$6,000 above the annual deferral limit. For the fiscal period ending June 30, 2020 and 2019, the contributions to the plan was \$28,581 and \$27,131, respectively.

During three years prior to normal retirement age as defined by the Plan, a participant may be eligible to contribute a "catch-up" amount if the participant did not contribute the maximum allowable amount during the years of eligibility in the Plan since January 1, 1979.

This provision cannot be used during the calendar year if the Age 50+ provision is elected, nor may a catch-up contribution be made during the calendar year of the normal retirement age, nor may a catch-up contribution be made if the participant previously participated in catch-up under this or any other Section 457 plan. Withdrawals from the plan occur at retirement, separation from service, death, or proven financial hardship.

The District has the responsibility for withholding and remitting contributions from participants to the plan. Great-West Life is the plan administrator and provides communication, record keeping of the accounts, and investment of the plan assets. All amounts of compensation deferred all property rights and rights purchased and all income, property, or rights held in trust for the exclusive benefit of the participants or their beneficiaries. The assets of the plan are not considered District assets, nor subject to claims or creditors of the District.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2019 and 2020

**Note 6 Capital Assets**

Capital assets and depreciation summary follows:

| Description  | June 30, 2018        | Net<br>Additions/Disposals | June 30, 2019        | Net<br>Additions/Disposals | June 30, 2020        |
|--|----------------------|----------------------------|----------------------|----------------------------|----------------------|
| <b>Capital assets, not being depreciated</b>       |                      |                            |                      |                            |                      |
| Land and Right of Way                              | \$ 1,351,109         | \$ -                       | \$ 1,351,109         | \$ -                       | \$ 1,351,109         |
| Construction Projects<br>in Progress               | 2,907,390            | 312,585                    | 3,219,975            | 319,142                    | 3,539,117            |
| <b>Total capital assets, not being depreciated</b> | <u>4,258,499</u>     | <u>312,585</u>             | <u>4,571,084</u>     | <u>319,142</u>             | <u>4,890,226</u>     |
| <b>Capital assets, being depreciated</b>           |                      |                            |                      |                            |                      |
| Water Plant and Building                           | 36,434,725           | 113,497                    | 36,548,222           | 1,755,409                  | 38,303,631           |
| Transmissions and<br>Distribution System           | 107,730,677          | 2,853,365                  | 110,584,042          | 2,451,307                  | 113,035,349          |
| Distribution and Maintenance<br>Equipment          | 984,054              | (74,061)                   | 909,993              | -                          | 909,993              |
| Administration and Office<br>Buildings             | 631,317              | -                          | 631,317              | -                          | 631,317              |
| Furniture and Equipment                            | 299,083              | (114,053)                  | 185,030              | 31,382                     | 216,412              |
| Transportation Equipment                           | 656,441              | (129,937)                  | 526,504              | 10,183                     | 536,687              |
| Intangible Assets                                  | 52,500               | (31,744)                   | 20,756               | 4,425                      | 25,181               |
| <b>Total capital assets, being depreciated</b>     | <u>146,788,797</u>   | <u>2,617,067</u>           | <u>149,405,864</u>   | <u>4,252,706</u>           | <u>153,658,570</u>   |
| <b>Accumulated Depreciation/Amortization</b>       |                      |                            |                      |                            |                      |
| Water Plant and Building                           | (19,500,559)         | (589,211)                  | (20,089,770)         | (1,422,812)                | (21,512,582)         |
| Transmissions and<br>Distribution System           | (56,319,713)         | (2,711,955)                | (59,031,668)         | (2,926,490)                | (61,958,158)         |
| Distribution and Maintenance<br>Equipment          | (904,787)            | 63,331                     | (841,456)            | (10,640)                   | (852,096)            |
| Administration and Office<br>Buildings             | (477,568)            | (24,110)                   | (501,678)            | (23,891)                   | (525,569)            |
| Furniture and Equipment                            | (259,843)            | 96,296                     | (163,547)            | (16,551)                   | (180,098)            |
| Transportation Equipment                           | (514,208)            | 97,792                     | (416,416)            | (32,980)                   | (449,396)            |
| Intangible Assets                                  | (47,549)             | 41,510                     | (6,039)              | (3,776)                    | (9,815)              |
| <b>Total accumulated depreciation/amortization</b> | <u>(78,024,227)</u>  | <u>(3,026,347)</u>         | <u>(81,050,574)</u>  | <u>(4,437,140)</u>         | <u>(85,487,714)</u>  |
| <b>Total capital assets, being depreciated net</b> | <u>68,764,570</u>    | <u>(409,280)</u>           | <u>68,355,290</u>    | <u>(184,434)</u>           | <u>68,170,856</u>    |
| <b>Total capital assets, net</b>                   | <u>\$ 73,023,069</u> | <u>(\$96,695)</u>          | <u>\$ 72,926,374</u> | <u>\$ 134,708</u>          | <u>\$ 73,061,082</u> |
| Depreciation/Amortization Expense                  | <u>\$ 4,058,646</u>  |                            | <u>\$ 4,630,857</u>  |                            | <u>\$ 4,521,510</u>  |

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
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Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 6      Capital Assets (Continued)**

| Fiscal Year Ended  | 30-Jun-19    | 30-Jun-20   |
|--------------------|--------------|-------------|
| Assets Capitalized | \$ 4,238,298 | \$4,465,532 |
| Assets Disposed    | \$ 1,621,231 | \$ 174,168  |
| Total Depreciation | \$ 4,628,083 | \$4,517,735 |
| Total Amortization | \$ 2,774     | \$ 3,775    |

**Note 7      Long-Term Debt**

Long-term debt is as follows:

| Water Revenue Bonds  | 2020               | 2019               |
|--|--------------------|--------------------|
| Consisted of the following:  |                    |                    |
| \$6,450,000 Water Revenue Refunding Bonds dated November 22, 2011 with a Final maturity on January 1, 2022 and with interest at 2.0% to 3.5% | 1,495,000          | 2,200,000          |
| \$3,660,000 Water Revenue Refunding Bonds dated March 19, 2013, with a Final maturity on March 1, 2023 and with interest at 2.0% to 2.5%     | 1,220,000          | 1,600,000          |
| \$5,975,000 Water Revenue Refunding Bonds dated May 26, 2015, with a final maturity on January 1, 2027 and with interest at 2.0-3.5%         | 4,415,000          | 4,955,000          |
| <b>TOTAL</b>   | <b>\$7,130,000</b> | <b>\$8,755,000</b> |



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
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Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 7      Long-Term Debt (Continued)**

The annual requirements to amortize all bonds outstanding, including interest payments are as follows:

| <b>Year Ended<br/>June 30, 2019</b> | <b>Amount</b>      |
|-------------------------------------|--------------------|
| 2020                                | \$1,894,475        |
| 2021                                | 1,903,025          |
| 2022                                | 1,929,325          |
| 2023                                | 1,150,425          |
| 2024                                | 718,800            |
| 2025-2027                           | 2,200,950          |
| <b>TOTALS</b>                       | <b>\$9,797,000</b> |

| <b>Year Ended<br/>June 30, 2020</b> | <b>Amount</b>      |
|-------------------------------------|--------------------|
| 2021                                | 1,903,025          |
| 2022                                | 1,929,325          |
| 2023                                | 1,150,425          |
| 2024                                | 718,800            |
| 2025                                | 726,925            |
| 2026-2027                           | 1,474,025          |
| <b>TOTALS</b>                       | <b>\$7,902,525</b> |

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
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Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 7      Long-Term Debt (Continued)**

Long-term debt activity follows:

|                             | July 1,<br>2018     | Additions/<br>(Retirements) | June 30,<br>2019    | Additions/<br>(Retirements) | June 30,<br>2020   |
|-----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|--------------------|
| Water Revenue Bonds Payable | \$10,315,000        | \$(1,560,000)               | \$8,755,000         | \$(1,625,000)               | \$7,130,000        |
| Deferral on Refunding       | (153,854)           | 33,804                      | (120,050)           | 33,804                      | (86,246)           |
| Net OPEB Obligation         | 939,819             | 37,637                      | 977,456             | 239,582                     | 1,217,038          |
| Net Pension Liability       | (388,156)           | 2,806,707                   | 2,418,551           | (2,392,060)                 | 26,491             |
| <b>TOTAL</b>                | <b>\$10,712,809</b> | <b>\$(2,256,015)</b>        | <b>\$12,030,957</b> | <b>\$(3,743,674)</b>        | <b>\$8,287,283</b> |

**Note 8      Flow of Funds; Restrictions on Use**

Under the terms of the bond indenture for each issue of Water Revenue Bonds, all income and revenues to be derived from the operation of the system are irrevocably and irreparably pledged in an amount sufficient for the payment of principal and interest on such bonds, and is set aside in the following manner:

- All revenue must be periodically deposited in the Revenue Fund to provide for payment of all reasonable and necessary expenses for administration, operation and maintenance.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 8      *Flow of Funds; Restrictions on Use (Continued)***

- On or before the 20th day of each month, the District must set aside in a restricted bank account designated as Bond Fund, an amount equal to 1/6 of the interest due on the next interest payment date and 1/12 of the principal due on the next principal payment date. Such funds may be used only for the payment of principal and interest installments as they become due. The balances in these accounts are shown as restricted assets - Water Revenue Bond Current Debt Service Account.
- For bonds issued November 22, 2011, March 19, 2013 and May 26, 2015, the District established and must maintain the "Reserve Fund", by transferring from bond proceeds, the sum that will at least equal the Reserve Fund Requirement. The money in the Reserve Fund shall be retained solely for the purpose of paying the principal of and interest on the bonds.
- On or before the 20th day of each month, the District must deposit into a restricted bank account designated as the Renewal and Replacement Fund, an amount equal to 5% of the gross revenue for the preceding month. In the event that the balance in this fund exceeds \$200,000 at the end of the fiscal year, such excess is to be transferred to the Renewal and Improvements Fund. Money in this fund may be used only for caring for extensions, additions, improvements, renewals, and replacement necessary to properly operate the Water System. Money in this fund may also be used to pay principal or interest falling due at any time there is not sufficient money for payment in the other bond funds. Money in this fund shall never be used for the making of extensions, additions, improvements, renewals, and replacements to the Water System if the use of said money will leave in said Renewal and Replacement Fund for the making of emergency repairs or replacements less than the sum of \$100,000. The \$100,000 balance in this fund was accumulated in a prior year and the second \$100,000 was accumulated in 2002.
- All of the revenues received in any fiscal year that are not required to be paid in such fiscal year into any of the above noted funds, in excess of 25% of the current fiscal year's budgeted amount for administration, operation and maintenance expenses, is to be considered surplus and transferred to the Surplus Fund. Such funds are to be used for the purpose of constructing or acquiring extensions, additions, improvements, renewals or replacements to the water system, or for the purpose of retiring all or a portion of the Bonds, Outstanding Parity Bonds, or and Additional Parity Bonds.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 9      *Post-Employment Healthcare and Life Insurance Benefits***

**Plan Description.** The Lafourche Parish Water District (the Water District) provides certain continuing health care for its retired employees. The Lafourche Parish Water District's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Water District. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Water District. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (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, provided the employee has at least 30 years of service at retirement. Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. 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 (D.R.O.P. 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.

**Employees covered by benefit terms.** At June 30, the following employees were covered by the benefit terms:

|  | 2020 | 2019 |
|--|------|------|
| Inactive employees or beneficiaries currently receiving benefit payments | 10   | 9    |
| Inactive employees entitled to but not yet receiving benefit payments    | -    | -    |
| Active employees   | 68   | 63   |
|  | 78   | 72   |

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 9 Post-Employment Healthcare and Life Insurance Benefits (Continued)**

**Contribution Rates.** Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Total OPEB Liability.** The Water District's total OPEB liability of \$1,217,338 and \$1,015,093 was measured as of June 30, 2020 and 2019, respectively and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and other inputs.**

The total OPEB liability in the June 30, 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                   | 2.5%  |
| Salary increases            | 3.0%, including inflation                     |
| Discount rate               | 2.21% annually                                |
| Healthcare cost trend rates | Flat 5.5% annually until year 2030, then 4.5% |
| Mortality                   | SOA RP-2000 Table                             |

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|                             |   |
|-----------------------------|---|
| Inflation                   | 2.5%  |
| Salary increases            | 3.0%, including inflation                                       |
| Discount rate               | 3.50%, net of OPEB plan investment expense, including inflation |
| Healthcare cost trend rates | Flat 5.5% annually  |
| Mortality                   | RP-2000 Table   |

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2019 and 2020, the end of the applicable measurement period. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2020.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 9 Post-Employment Healthcare and Life Insurance Benefits (Continued)**

**Changes in the Total OPEB Liability (Asset).** The table below reflects the Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal years ending June 30, 2019 and 2020, respectively:

|   | <b>2019</b> | <b>2020</b> |
|---|-------------|-------------|
| Beginning Net OPEB Obligation           | \$939,819   | \$977,456   |
| Service Cost                            | 12,922      | 29,556      |
| Interest                                | 36,621      | 34,728      |
| Differences between expected and actual | 36,079      | 7,659       |
| Changes in assumptions                  | 29,467      | 242,434     |
| Annual OPEB Cost                        | 115,089     | 1,291,833   |
| Contribution                            | (77,452)    | (74,495)    |
| Change in Net OPEB Obligation           | 37,637      | (27,516)    |
| Ending Net OPEB Obligation              | \$977,456   | \$1,217,338 |

**Sensitivity of the total OPEB liability to changes in the discount rate.**

The following presents the total OPEB liability of the Water District as of June 30, 2020, as well as what the Water District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

|                      | <b>1.0%<br/>Decrease<br/>(1.21%)</b> | <b>Current Discount<br/>Rate (2.21%)</b> | <b>1.0% Increase<br/>(3.21%)</b> |
|----------------------|--------------------------------------|--|----------------------------------|
| Total OPEB liability | \$ 1,346,830                         | \$ 1,217,338                             | \$ 1,105,017                     |

The following presents the total OPEB liability of the Water District as of June 30, 2019, as well as what the Water District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

|                      | <b>1.0%<br/>Decrease<br/>(2.50%)</b> | <b>Current Discount<br/>Rate (3.50%)</b> | <b>1.0% Increase<br/>(4.50%)</b> |
|----------------------|--------------------------------------|--|----------------------------------|
| Total OPEB liability | \$ 1,065,828                         | \$ 977,456                               | \$ 901,156                       |

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 9 Post-Employment Healthcare and Life Insurance Benefits (Continued)**

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.**

The following presents the total OPEB liability of the Water District at June 30, 2020, as well as what the Water District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

|                      | <b>1.0%<br/>Decrease<br/>(4.5%)</b> | <b>Current Trend<br/>(5.5%)</b> | <b>1.0% Increase<br/>(6.5%)</b> |
|----------------------|-------------------------------------|---------------------------------|---------------------------------|
| Total OPEB liability | \$ 1,093,829                        | \$1,217,338                     | \$ 1,365,414                    |

The following presents the total OPEB liability of the Water District at June 30, 2019, as well as what the Water District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

|                      | <b>1.0%<br/>Decrease<br/>(4.5%)</b> | <b>Current Trend<br/>(5.5%)</b> | <b>1.0% Increase<br/>(6.5%)</b> |
|----------------------|-------------------------------------|---------------------------------|---------------------------------|
| Total OPEB liability | \$ 899,510                          | \$977,456                       | \$ 1,069,294                    |

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
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Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 9 Post-Employment Healthcare and Life Insurance Benefits (Continued)**

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

For the year ended June 30, 2020, the Water District recognized OPEB expense of \$86,209 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 38,380                            | \$ (4,008)                          |
| <b>Total</b>                                       | <b>\$ 38,380</b>                     | <b>\$ (4,008)</b>                   |

For the year ended June 30, 2019, the Water District recognized OPEB expense of \$53,604 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 33,674                            | \$ -                                |
| Changes in assumptions                             | 27,503                               | -                                   |
| <b>Total</b>                                       | <b>\$ 61,176</b>                     | <b>\$ -</b>                         |

Amounts reported at June 30, 2020 as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Years ending June 30: |         |
|-----------------------|---------|
| 2021                  | 21,925  |
| 2022                  | 21,925  |
| 2023                  | 21,925  |
| 2024                  | 21,925  |
| 2025                  | 21,925  |
| Thereafter            | 175,401 |



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
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Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 9 Post-Employment Healthcare and Life Insurance Benefits (Continued)**

Amounts reported at June 30, 2019 as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:

---

|            |        |
|------------|--------|
| 2020       | 4,370  |
| 2021       | 4,370  |
| 2022       | 4,370  |
| 2023       | 4,370  |
| 2024       | 4,370  |
| Thereafter | 39,328 |

**Note 10 Pension Plan**

The District has adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. That Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

**Plan Description and Provisions**

All full-time employees are members of the Parochial Employees Retirement System of Louisiana (PERS) a cost sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S. 11:1901-2025 of the Louisiana Revised Statutes (LRS). The (PERS) was originally established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana. A Board of Trustees, an Administrative Director, an Actuary and Legal Counsel operate the System. The System provides retirement benefits to an employee of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and elect to become members of the System. All members of the (PERS) are participants in either Plan A or Plan B. Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 10 Pension Plan (Continued)**

All permanent eligible government employees who work at least 28 hours a 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. The District participates in Plan A. The types of benefits provided under this plan include:

**Retirement Benefits**

Any members can retire providing he/she meets one of the following criteria, if they were hired prior to January 1, 2007:

- At any age with 30 or more years of creditable service.
- Age 55 with 25 years of creditable service.
- Age 60 with a minimum of 10 years of creditable service.
- Age 65 with a minimum of 7 years of creditable service

If members were hired after January 1, 2007, a member can retire providing he/she meets one of the following criteria:

- Age 55 with 30 years of service
- Age 62 with 10 years of service
- Age 67 with 7 years of service

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

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
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Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 10 Pension Plan (Continued)**

***Survivor Benefits***

Upon the death of any member of Plan A with 5 or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes. Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit as outlined in the statutes.

***Deferred Retirement Option Plan Benefits***

In lieu of terminating employment and accepting a service retirement, any member who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, 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.

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

***Disability Benefits***

A member hired prior to January 1, 2007 shall be eligible to retire and to receive a disability benefit if he/she has at least five years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. If a member was hired after January 1, 2007, shall be eligible to retire and to receive disability benefit if he/she has at least seven years of creditable service. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 10 Pension Plan (Continued)**

**Cost of Living Increases**

The board 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 sixty-five 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 retiree 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.

**Contributions**

Contributions by employers are actuarially determined each year. For the year ended December 31, 2018, the employer's actuarially determined contribution rate was 9.35%, however, the actual rate was 12.5%.

For the year ended December 31, 2019, the employer's actuarially determined contribution rate was 12.18%, however, the actual rate was 11.5%. Member contributions are established by state statute at 9.5% of compensation for Plan A members. The contributions are deducted from the member's salary and remitted by the participating employer.

According to state statute, the System also receives  $\frac{1}{4}$  of 1% of ad valorem taxes collected within the respective parishes except Orleans and East Baton Rouge parishes. The system also received revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

**Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources:**

As of June 30, 2020 and 2019, the District reported a total of \$26,491 and \$2,418,551, respectively for its proportionate share of the net pension liability of the Parochial Employees Retirement System of Louisiana (PERS).

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 10 Pension (Continued)**

The net pension liability for June 30, 2020 and 2019 was measured as of December 31, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportion of the plan was as follows:

| <u>Plan</u> | <u>Proportionate share</u> |                 |
|-------------|----------------------------|-----------------|
|             | <u>12/31/18</u>            | <u>12/31/19</u> |
| PERS        | .544920%                   | .522948%        |

For the year ended June 30, 2020 and 2019, the District recognized pension expense as follows:

| <u>Plan</u> | <u>Pension expense</u> |
|-------------|------------------------|
| 2020 PERS   | \$ 522,928             |
| 2019 PERS   | \$ 173,209             |

For June 30, 2020 for the December 31, 2019 measurement date the deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

| <u>Plan</u>   | <u>Deferred outflows<br/>of resources</u> | <u>Deferred inflows<br/>of resources</u> |
|---|---|--|
| <b>PERS</b>   |   |  |
| -Changes in proportion  | \$36,888                                  | \$(3,357)                                |
| -Earnings on pension plan investments   |   | (993,021)                                |
| -Net difference between projected and actual earnings on pension plan investments | -   | (237,152)                                |
| -Changes in assumptions   | 369,980                                   | -  |
| -Contributions subsequent to the measurement date                                 | 205,652                                   | -  |
|   | <u>\$ 612,520</u>                         | <u>\$ (1,233,530)</u>                    |

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 10 Pension (Continued)**

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (\$205,652) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

| <b>Year ended<br/>December 31:</b> |              |
|------------------------------------|--------------|
| 2020                               | \$ (181,235) |
| 2021                               | (235,480)    |
| 2022                               | 37,125       |
| 2023                               | (447,072)    |

For June 30, 2019 for the December 31, 2018 measurement date the deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

| <u>Plan</u>   | <u>Deferred outflows<br/>of resources</u> | <u>Deferred inflows<br/>of resources</u> |
|---|---|--|
| <b>PERS</b>   |   |  |
| -Changes in proportion  | \$8,884                                   | \$(6,715)                                |
| -Differences between expected and actual experience                               |   | (147,344)                                |
| -Net difference between projected and actual earnings on pension plan investments | 1,157,768                                 | -  |
| -Changes in assumptions   | 604,717                                   | -  |
| -Contributions subsequent to the measurement date                                 | <u>199,367</u>                            | <u>-</u>                                 |
|   | <u>\$ 1,970,736</u>                       | <u>\$ (154,059)</u>                      |

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (\$199,367) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 10 Pension (Continued)**

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

| <b>Year ended<br/>December 31:</b> |            |
|------------------------------------|------------|
| 2019                               | \$ 554,926 |
| 2020                               | 301,681    |
| 2021                               | 249,261    |
| 2022                               | 511,442    |

**Actuarial assumptions:**

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

| <u>Plan</u>                      | <u>PERS</u>      |
|----------------------------------|------------------|
| Inflation                        | 2.40%            |
| Salary increases                 | 4.75%            |
| Investment rate of return        | 6.50%            |
| Actuarial cost method            | Entry age normal |
| Expected remaining service lives | 4 years          |

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.

The investment rates of return were determined based on expected cash flows which assume that contributions from plan members will be made at current contribution rates and that contributions from the District and the 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.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 10 Pension (Continued)**

Based on these assumptions, the Plans' 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 plan investments was applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

The long term expected rate of return on pension plan investments was determined using a triangulation method which integrates CAPM 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.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018 are as follows:

| <u>Plan</u>                      | <u>PERS</u>                   |
|----------------------------------|-------------------------------|
| Inflation                        | 2.40%                         |
| Salary increases                 | 4.75%                         |
|                                  | (2.75% Merit/2.50% Inflation) |
| Investment rate of return        | 6.50%                         |
| Actuarial cost method            | Entry age normal              |
| Expected remaining service lives | 4 years                       |

Mortality rates for PERS were based on the RP-2000 Employee Sex Distinct Table for active members, RP-2000 Healthy Annuitant Sex Distinct Table for annuitants and beneficiaries, and RP-2000 Disabled Lives Mortality Tables for disabled annuitants.



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 10 Pension (Continued)**

The investment rates of return were determined based on expected cash flows which assume that contributions from plan members will be made at current contribution rates and that contributions from the District and the 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 these assumptions, the Plans' 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 plan investments was applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

The long term expected rate of return on pension plan investments was determined using a triangulation method which integrates CAPM 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 7.43% for the year ended December 31, 2018.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 10 Pension (Continued)**

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

| Asset Class                        | Target Asset 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%  |
| Totals                             | 100%                    | 5.18%  |
| Inflation                          |                         | 2.00%  |
| Expected Arithmetic Nominal Return |                         | 7.18%  |

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of December 31, 2018 are summarized in the following table:

| Asset Class                        | Target Asset Allocation | Long-Term Expected Portfolio Real Rate of Return |
|------------------------------------|-------------------------|--|
| Fixed Income                       | 35%                     | 1.22%  |
| Equity                             | 52%                     | 3.45%  |
| Alternatives                       | 11%                     | 0.65%  |
| Real assets                        | 2%                      | 0.11%  |
| Totals                             | 100%                    | 5.43%  |
| Inflation                          |                         | 2.00%  |
| Expected Arithmetic Nominal Return |                         | 7.43%  |

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 10 Pension (Continued)**

**Sensitivity of the of the District's proportionate share of the net pension liabilities to changes in the discount rate:**

The following presents the District's proportionate shares of the net pension liabilities (assets) of the plan as of December 31, 2019, calculated using the discount rates as shown above, as well as what the District's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

|      | <b>1%<br/>Decrease<br/>5.50%</b> | <b>Current<br/>Discount Rate<br/>6.50%</b> | <b>1%<br/>Increase<br/>7.50%</b> |
|------|----------------------------------|--|----------------------------------|
| PERS | \$2,863,191                      | \$ 26,491                                  | \$ (2,350,608)                   |

The following presents the District's proportionate shares of the net pension liabilities (assets) of the plan as of December 31, 2018, calculated using the discount rates as shown above, as well as what the District's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

|      | <b>1%<br/>Decrease<br/>5.50%</b> | <b>Current<br/>Discount Rate<br/>6.50%</b> | <b>1%<br/>Increase<br/>7.50%</b> |
|------|----------------------------------|--|----------------------------------|
| PERS | \$5,136,332                      | \$ 2,418,551                               | \$ 146,704                       |

**Pension plan fiduciary net position:**

Detailed information about the Plans' fiduciary net position is available in the separate issued financial statements of the Plans. The Parochial Employees' Retirement System issues a stand-alone audit report on its financial statements. Access to the audit report can be found on the System's website: [www.persla.org](http://www.persla.org) or on the Office of the Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 10 Pension (Continued)**

**Support of Non-employer contributing entities:**

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2020 and 2019, the District recognized revenue as a result of support received from non-employer contributing entities of \$45,529 and \$41,640, respectively for its participation in PERS.

**Payables to the pension plans:**

At June 30, 2020 and 2019, there were no amounts due to the pension plan for employer and employee required contributions.

**Note 11 Construction Commitments**

Construction commitments at June 30, 2020 are as follows:

| Project   | Total<br>Estimated<br>Cost (1) | Costs<br>Incurred to<br>6/30/20 |
|---|--------------------------------|---------------------------------|
| Waterline Replacement along W-122 <sup>nd</sup> St, et al   | \$458,513                      | \$306,917                       |
| Waterline Replacement along Cliff Lane, et al               | 408,590                        | -                               |
| 18" Waterline Damaged due to Piling –Entergy                | 664,827                        | 739,629                         |
| Waterline Replacement along E Barataria St. et al           | 475,282                        | 220,917                         |
| Waterline Replacement along East 68 <sup>th</sup> St. et al | 289,732                        | -                               |
| Waterline Relocation Along Oaklawn Dr, et al                | 385,428                        | -                               |
| Waterline Replacement Along West 106 <sup>th</sup> St.      | 111,875                        | -                               |
| East Golden Meadow Tank Pipe Modifications                  | 81,280                         | -                               |
| South Plant Rapid Mixer Replacement-Phase 2                 | 142,700                        | 155,900                         |
| New Surge Protection @ N&S Plants                           | 504,750                        | 422,750                         |
| <b>Totals</b>   | <b>\$3,522,977</b>             | <b>\$1,846,113</b>              |

(1) Approved budget

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE,  
STATE OF LOUISIANA**

Notes to Financial Statements (Continued)  
For the years ended June 30, 2020 and 2019

**Note 12                      Subsequent Events**

The Lafourche Parish Water District has evaluated subsequent events through the October 16, 2020 the date which the financial statements were available to be issued. There are no subsequent events to report.

*Pandemic* – In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that had and may have a significant impact on the operating activities of the District. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the economy overall, all of which are uncertain.

***REQUIRED SUPPLEMENTAL  
INFORMATION***

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA  
Schedule of Per Diem and Compensation of Board of  
Commissioners  
June 30, 2020**

During the year the Board of Commissioners held twelve meetings. None of the Commissioners are compensated except for the Secretary Treasurer who receives \$150 per monthly meeting.

|   |         |
|---|---------|
| • Mr. Sidney Triche, President                | \$ -0-  |
| • Mr. Dennis Switzer, Commissioner            | \$ -0-  |
| • Mr. Nolan Cressionie, Commissioner          | \$ -0-  |
| • Mr. James Dantin, Commissioner              | \$ -0-  |
| • Mr. Manuel Delatte, Vice-President          | \$ -0-  |
| • Mr. Morris Guidry, Commissioner             | \$ -0-  |
| • Mr. Robert Pontif, Jr., Secretary/Treasurer | \$1,800 |
| • Mr. Eric Roundtree, Commissioner            | \$ -0-  |
| • Mr. Raymond Toups, Commissioner             | \$ -0-  |
| • Mr. Barry Uzee, Commissioner                | \$ -0-  |

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA  
REQUIRED SUPPLEMENTAL INFORMATION  
Parochial Employees Retirement System**

**Last Ten Fiscal Years \*\***

For Fiscal Year Ended  
Plan Measurement Date:

|  | June 30, 2020<br>December 31, 2019 | June 30, 2019<br>December 31, 2018 | June 30, 2018<br>December 31, 2017 | June 30, 2017<br>December 31, 2016 | June 30, 2016<br>December 31, 2015 | June 30, 2015<br>December 31, 2014 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Schedule of Proportionate Share of the Net Pension Liability and Related Ratios</b>           |                                    |                                    |                                    |                                    |                                    |                                    |
| Proportion of the net pension liability  | 0.562746%                          | 0.544920%                          | 0.522948%                          | 0.554134%                          | 0.526845%                          | 0.522357%                          |
| Proportionate share of the net pension liability (asset)   | \$26,491                           | \$2,418,551                        | (\$388,156)                        | \$1,141,246                        | \$1,386,808                        | \$142,817                          |
| Covered-employee payroll   | \$ 3,453,809                       | \$ 3,283,205                       | \$ 2,865,462                       | \$ 3,276,525                       | \$ 2,997,201                       | \$ 2,916,255                       |
| Proportionate share of the net pension liability as a percentage of its covered-employee payroll | 0.77%                              | 73.66%                             | -13.55%                            | 34.83%                             | 46.27%                             | 4.90%                              |
| Plan fiduciary net position as a percentage of the total pension liability                       | 99.89%                             | 88.86%                             | 101.98%                            | 94.15%                             | 92.23%                             | 99.15%                             |
| <b>Schedule of Required Contributions</b>  |                                    |                                    |                                    |                                    |                                    |                                    |
| Contractually required contributions   | \$ 410,719                         | \$ 376,080                         | \$ 343,623                         | \$ 429,931                         | \$ 420,140                         | \$ 465,035                         |
| Contributions made   | \$ 397,188                         | \$ 376,080                         | \$ 343,623                         | \$ 429,931                         | \$ 420,140                         | \$ 465,035                         |
| Contribution deficiency (excess)   | \$ 13,531                          | \$ -                               | \$ -                               | \$ -                               | \$ -                               | \$ -                               |
| Covered-employee payroll   | \$ 3,453,809                       | \$ 3,283,205                       | \$ 2,865,462                       | \$ 3,348,747                       | \$ 3,058,322                       | \$ 2,964,902                       |
| Contribution as a percentage of covered employee payroll   | 11.50%                             | 11.45%                             | 11.99%                             | 12.84%                             | 13.74%                             | 15.68%                             |

Note: Initial Year of GASB 68 Implementation was June 30, 2015. Schedule is intended to show information for 10 years.  
Additional Years will be displayed as they become available.

**Notes to Required Supplementary Information**

*Changes of Benefit Terms include:*

none none none none none none

*Changes of Assumptions*



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE**  
**STATE OF LOUISIANA**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**

**Last Ten Fiscal Years \*\***

For Fiscal Year Ended

**June 30, 2018    June 30, 2019    June 30, 2020**

**Total OPEB Liability**

|  |                   |                   |                     |
|--|-------------------|-------------------|---------------------|
| Service cost                                       | \$ 12,897         | \$ 12,922         | \$ 29,556           |
| Interest   | 37,935            | 36,621            | 34,728              |
| Changes of benefit terms                           | -                 | -                 | -                   |
| Differences between expected and actual experience | (4,934)           | 36,079            | 7,659               |
| Changes of assumptions                             | -                 | 29,467            | 242,434             |
| Benefit payments                                   | (73,414)          | (77,452)          | (74,495)            |
| Net change in total OPEB liability                 | <u>(27,516)</u>   | <u>37,637</u>     | <u>239,882</u>      |
| <b>Total OPEB Liability</b>                        |                   |                   |                     |
| Beginning  | 967,335           | 939,819           | 977,456             |
| Ending   | <u>\$ 939,819</u> | <u>\$ 977,456</u> | <u>\$ 1,217,338</u> |

|  |              |              |              |
|--|--------------|--------------|--------------|
| Covered-employee payroll                                       | \$ 3,021,595 | \$ 3,112,243 | \$ 3,459,718 |
| Net OPEB liability as a percentage of covered-employee payroll | 31.10%       | 31.41%       | 35.19%       |

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

**Notes to Required Supplementary Information**

*Benefit Changes*

None                      None                      None

*Changes of Assumptions*

|               |         |         |          |
|---------------|---------|---------|----------|
| Discount Rate | 3.87%   | 3.50%   | 2.21%    |
| Mortality     | RP-2000 | RP-2000 | RP-2014  |
| Trend         | 5.5%    | 5.5%    | Variable |

***OTHER SUPPLEMENTAL  
SCHEDULES***

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Comparative Statement of Operating Expenses  
Water Enterprise Fund  
For the years ended June 30, 2020 and 2019

|   | <b>2020</b>                 | <b>2019</b>                 |
|---|-----------------------------|-----------------------------|
| <b>Water Purchased for Resale</b>                   | <u>\$ 27,501</u>            | <u>\$ 30,110</u>            |
| <b>Water Treatment Expenses:</b>                    |                             |                             |
| Pumping Operations                                  | 626,011                     | 631,409                     |
| Pumping Maintenance                                 | 48,555                      | 15,195                      |
| Purification Operations                             | 2,052,620                   | 1,932,819                   |
| Purification Maintenance                            | 1,137,358                   | 1,103,512                   |
| <b>Total Water Treatment Expenses</b>               | <u>3,864,545</u>            | <u>3,682,935</u>            |
| <b>Transmission and Distribution Expenses:</b>      |                             |                             |
| Distributions Operations                            | 1,120,161                   | 1,087,742                   |
| Distribution Maintenance                            | 701,686                     | 691,670                     |
| <b>Total Transmission and Distribution Expenses</b> | <u>1,821,847</u>            | <u>1,779,412</u>            |
| <b>Customer Accounts Expenses:</b>                  |                             |                             |
| Customer Operations Expense                         | 1,300,495                   | 1,175,272                   |
| <b>Total Customer Accounts Expense</b>              | <u>1,300,495</u>            | <u>1,175,272</u>            |
| <b>Administrative and General Expenses:</b>         |                             |                             |
| General Operating & Office Expense                  | 1,354,286                   | 2,074,611                   |
| Maintenance - General Property and Equipment        | 203,945                     | 253,912                     |
| <b>Total Administrative and General Expenses</b>    | <u>1,558,231</u>            | <u>2,328,523</u>            |
| <b>Depreciation and Amortization</b>                | <u>4,521,510</u>            | <u>4,630,857</u>            |
| <b>TOTAL OPERATING EXPENSES</b>                     | <u><u>\$ 13,094,128</u></u> | <u><u>\$ 13,627,109</u></u> |

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements  
For the years ended June 30, 2020 and 2019

|                               | <b>Revenue Fund</b>                   |                            |
|-------------------------------|---------------------------------------|----------------------------|
|                               | <u>2020</u>                           | <u>2019</u>                |
| Cash Balance, July 1          | \$ 2,005,941                          | \$ 1,896,611               |
| <b>Receipts:</b>              |                                       |                            |
| From Customers                | 12,605,003                            | 12,500,788                 |
| Interest Earned               | 317,394                               | 187,633                    |
| Transfers from Other Accounts | 674,743                               | 3,022,746                  |
| Others                        | <u>1,402,659</u>                      | <u>1,181,371</u>           |
|                               | <u>14,999,799</u>                     | <u>16,892,538</u>          |
| <b>Disbursements:</b>         |                                       |                            |
| Operating Expense             | 11,764,864                            | 11,316,340                 |
| Transfers to Other Accounts   | <u>3,169,941</u>                      | <u>5,466,868</u>           |
|                               | <u>14,934,805</u>                     | <u>16,783,208</u>          |
| Cash Balance, June 30         | <u><u>\$ 2,070,935</u></u>            | <u><u>\$ 2,005,941</u></u> |
|                               | <b>Maintenance and Operating Fund</b> |                            |
| Cash Balance, July 1          | \$ 6                                  | \$ 8                       |
| <b>Receipts:</b>              |                                       |                            |
| Ad Valorem Taxes (Net)        | 2,926,523                             | 2,981,490                  |
| Revenue Sharing               | <u>52,376</u>                         | <u>52,348</u>              |
|                               | <u>2,978,899</u>                      | <u>3,033,838</u>           |
| <b>Disbursements:</b>         |                                       |                            |
| Transferred to Water Revenue  | <u>2,978,896</u>                      | <u>3,033,840</u>           |
| Cash Balance, June 30         | <u><u>\$ 9</u></u>                    | <u><u>\$ 6</u></u>         |

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements  
For the years ended June 30, 2020 and 2019

**Renewal and Improvements Fund**

|   | 2020         | 2019         |
|---|--------------|--------------|
| Cash Balance, July 1                            | \$13,828,189 | \$12,833,778 |
| <b>Revenues:</b>                                |              |              |
| Interest Earned                                 | 12,374       | 35,417       |
| Transfer from:                                  |              |              |
| Revenue Fund                                    | 5,896,559    | 5,446,874    |
| Renewal & Improvements Investments              | 500,000      | 4,149,626    |
|   | 6,408,933    | 9,631,917    |
| <b>Disbursements:</b>                           |              |              |
| Transfer to:                                    |              |              |
| Additions to System and<br>Utility Plant Assets | 5,924,747    | 8,637,506    |
| Cash Balance, June 30                           | \$14,312,375 | \$13,828,189 |

**Summary of Cash and Investments - Current Assets**

|   |               |               |
|---|---------------|---------------|
| Revenue Fund  | \$2,070,935   | \$2,005,941   |
| Maintenance and Operation Fund                          | 9             | 6             |
| Renewal and Improvements Fund                           | 14,312,375    | 13,828,189    |
| Payroll Clearing  | 100           | 100           |
| Cash on Hand  | 800           | 800           |
| Cash on Deposit -<br>Collection Agent Accounts          | 200           | 200           |
| Cash and Temporary Cash Investments -<br>Current Assets | \$16,384,419  | \$15,835,236  |
| Unrestricted Cash and Cash Equivalentts                 | \$ 3,813,016  | \$ 3,771,283  |
| Unrestricted Investments                                | 12,571,403    | 12,063,953    |
|   | \$ 16,384,419 | \$ 15,835,236 |

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Statement of Cash Receipts and Disbursements - Restricted Assets  
For the years ended June 30, 2020 and 2019

|                                 | <u>Current Debt<br/>Service Accounts</u> | <u>Future Debt<br/>Service Accounts</u> | <u>Water<br/>Revenue<br/>Bond<br/>Contingency</u> | <u>Customer<br/>Meter<br/>Deposits</u> | <u>2020<br/>Total</u> | <u>2019<br/>Total</u> |
|---------------------------------|--|---|---|--|-----------------------|-----------------------|
|                                 | <u>Bond Fund</u>                         | <u>Bond Reserve</u>                     |   |  |                       |                       |
| Cash and investments<br>July 1  | \$ 1,505,536                             | \$ 1,967,000                            | \$ 200,000  | \$ 1,144,197                           | \$ 4,816,733          | \$ 5,027,255          |
| <b>Receipts:</b>                |  |   |   |  |                       |                       |
| Interest earned                 | 45,285                                   | -                                       | -   | 1,112                                  | 46,397                | 27,212                |
| Customer deposits               | -  | -                                       | -   | 156,860                                | 156,860               | 158,489               |
| Transfers from:                 |  |   |   |  |                       |                       |
| Bond Fund                       | 1,898,750                                | -                                       | -   | -                                      | 1,898,750             | 313,503               |
| Bond Reserve                    | -  | -                                       | -   | -                                      | -                     | -                     |
| Total receipts                  | <u>1,944,035</u>                         | <u>-</u>                                | <u>-</u>  | <u>157,972</u>                         | <u>2,102,007</u>      | <u>499,204</u>        |
| <b>Disbursements:</b>           |  |   |   |  |                       |                       |
| Principal                       | -  | -                                       | -   | -                                      | -                     | 565,623               |
| Interest                        | -  | -                                       | -   | 1,280                                  | 1,280                 | 2,089                 |
| Refund of customer deposits     | -  | -                                       | -   | 12,042                                 | 12,042                | 7,734                 |
| Transfers to:                   |  |   |   |  |                       |                       |
| Bond Fund                       | 1,873,750                                | -                                       | -   | -                                      | 1,873,750             | -                     |
| Water Revenue Fund              | -  | -                                       | -   | 128,025                                | 128,025               | 134,280               |
| Total disbursements             | <u>1,873,750</u>                         | <u>-</u>                                | <u>-</u>  | <u>141,347</u>                         | <u>2,015,097</u>      | <u>709,726</u>        |
| Cash and investments<br>June 30 | <u>\$ 1,575,821</u>                      | <u>\$ 1,967,000</u>                     | <u>\$ 200,000</u>                                 | <u>\$ 1,160,822</u>                    | <u>\$ 4,903,643</u>   | <u>\$ 4,816,733</u>   |

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Schedule of Maturities  
\$6,450,000 Water Revenue Refunding Bonds, 2011 Series  
Dated: November 22, 2011

| <b>Date of Maturity</b> | <b>Amount</b> | <b>Date of Maturity</b> | <b>Amount</b>      |
|-------------------------|---------------|-------------------------|--------------------|
| 01/01/2013              | \$550,000     | 01/01/2018              | \$645,000          |
| 01/01/2014              | 570,000       | 01/01/2019              | 675,000            |
| 01/01/2015              | 580,000       | 01/01/2020              | 705,000            |
| 01/01/2016              | 605,000       | 01/01/2021              | 730,000            |
| 01/01/2017              | 625,000       | 01/01/2022              | 765,000            |
|                         |               | <b>TOTAL</b>            | <b>\$6,450,000</b> |

Bonds are in denominations of \$5,000 or any integral multiple thereof within a single maturity.

The Bonds are not callable for redemption by the Issuer prior to their stated maturities.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE**  
**STATE OF LOUISIANA**  
Schedule of Maturities  
\$3,660,000 Water Revenue Bonds, 2013 Series  
Dated: March 19, 2013

| <b>Date of Maturity</b> | <b>Amount</b>      |
|-------------------------|--------------------|
| 01/01/2014              | \$330,000          |
| 01/01/2015              | 325,000            |
| 01/01/2016              | 335,000            |
| 01/01/2017              | 345,000            |
| 01/01/2018              | 360,000            |
| 01/01/2019              | 365,000            |
| 01/01/2020              | 380,000            |
| 01/01/2021              | 390,000            |
| 01/01/2022              | 405,000            |
| 01/01/2023              | 425,000            |
| <b>TOTAL</b>            | <b>\$3,660,000</b> |

Bonds are in denominations of \$5,000 each.

The Bonds maturing January 1, 2014, and thereafter, are callable for redemption at the option of the Issuer in full at any time on or after January 1, 2013, or in part in the inverse order of their maturities, and if less than a full maturity then by lot within such maturity, on any Interest Payment Date on or after January 1, 2013, at the redemption prices stated herein.



**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

**Schedule of Maturities**

**\$5,975,000 Water Revenue Refunding Bonds, 2015 Series**

**Dated: May 26, 2015**

| <b>Date of Maturity</b> | <b>Amount</b>      |
|-------------------------|--------------------|
| 01/01/2018              | \$500,000          |
| 01/01/2019              | 520,000            |
| 01/01/2020              | 540,000            |
| 01/01/2021              | 555,000            |
| 01/01/2022              | 580,000            |
| 01/01/2023              | 600,000            |
| 01/01/2024              | 625,000            |
| 01/01/2025              | 655,000            |
| 01/01/2026              | 685,000            |
| 01/01/2027              | 715,000            |
| <b>TOTAL</b>            | <b>\$5,975,000</b> |

Bonds are in denominations of \$5,000 each, or any integral multiple thereof within a single maturity

The Bonds maturing January 1, 2026, and thereafter, are callable for redemption at the option of the Issuer in full at any time on or after January 1, 2025, (but if less than a full maturity, then by lot within such maturity) at the principal amount thereof and accrued interest to the date fixed for redemption. Bonds are not required to be redeemed in inverse order of maturity.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended June 30, 2020

**Agency Head Name: Wayne  
Gautreaux - General Manager**

| Purpose  | Amount           |
|--|------------------|
| Salary   | \$88,041         |
| Benefits - insurance   | \$15,734         |
| Benefits - retirement  | \$10,267         |
| Benefits - life insurance, short-term and long-term disability | \$792            |
| Benefits - Medicare tax  | \$1,195          |
| Car Allowance  | \$0              |
| Vehicle provided by government - reported on W-2               | \$0              |
| Per Diem   | \$0              |
| Reimbursements:  |                  |
| Conference Travel - mileage                                    | \$626            |
| Conference Travel - hotel                                      | \$0              |
| Conference Per Diem - meals                                    | \$158            |
| Travel   | \$0              |
| Registration fees  | \$251            |
| Conference travel  | \$0              |
| Continuing professional education fees                         | \$0              |
| Housing  | \$0              |
| Unvouchered expenses   | \$0              |
| Special meals  | \$0              |
| Fuel   | \$0              |
| Dues   | \$0              |
| Cell Phone   | \$767            |
|  | <u>\$117,831</u> |

This form is used to satisfy the reporting requirement of R.S. 24:513(A)(3) on Supplemental Reporting

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA  
Schedule of Metered Water Customers  
June 30, 2019 and 2020  
(Unaudited)**

All sales of water are metered.

At June 30, 2019, there were 33,299 active metered customers.

At June 30, 2020, there were 33,673 active metered customers.

**WATER DISTRICT NO. 1 OF THE PARISH OF LAFOURCHE  
STATE OF LOUISIANA**  
Schedule of Insurance in Force-Unaudited  
June 30, 2020

| <b>Description</b>  | <b>Company</b>                          | <b>Coverage</b>  | <b>Deductible</b>                                  |
|---|---|--|--|
| <b>General Liability<br/>Crime, Auto<br/>03/01/20 to 03/01/21</b> | Tokio Marine Specialty<br>Insurance Co. | \$1,000,000 per occurrence                                 | \$ 1,000   |
| <b>Umbrella/Excess Liability<br/>03/01/20 to 03/01/21</b>         | Tokio Marine Specialty<br>Insurance Co. | \$10,000,000 per occurrence                                | None   |
| <b>Commerical Property<br/>03/01/20 to 03/01/21</b>               | ACE American Insurance Co               | \$34,725,833 Per occurrence excess of various deductibles. | \$25,000 each location,<br>\$10,000 pysical damage |
| <b>Employee Dishonesty<br/>03/01/20 to 03/01/21</b>               | CNA Surety Co.                          | \$50,000   | None   |
| <b>Boiler &amp; Machinery<br/>03/01/20 to 03/01/21</b>            | Travelers Property<br>Insurance Co.     | \$50,000,000 Total Limit Breakdown                         | \$ 1,000   |
| <b>Public Officials Oath Bond<br/>03/01/20 to 03/01/21</b>        | CNA Surety Co.                          | \$50,000   | None   |
| <b>Worker's Compensation<br/>03/01/20 to 03/01/21</b>             | LUBA Casulty Insurance Co               | \$1,000,000 each accident                                  | None   |
| <b>Pollution<br/>5/17/20 to 5/17/23</b>                           | Steadfast Insurance<br>Company          | \$1,000,000  | \$ 25,000  |
| <b>Cyber Liability<br/>6/23/20-6/23/21</b>                        | Travelers Bond & Financial              | \$1,000,000 Security Limit of Liability                    | \$ 15,000  |
| <b>Flood Insurance<br/>9/13/20-9/13/21</b>                        | Wright National Flood Insurance         | \$200,000  | \$ 1,250   |

***REPORTS REQUIRED BY  
GOVERNMENT AUDITING  
STANDARDS***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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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**

To the Board of Commissioners  
Water District No. 1 of the Parish of Lafourche,  
State of Louisiana

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 the Water District No. 1, of the Parish of Lafourche, State of Louisiana, (the District) a component unit of the Lafourche Parish Council, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated October 16, 2020.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting 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 the internal control. Accordingly, we do not express an opinion on the effectiveness of internal controls.

*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 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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*.

### ***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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Stagni & Company*

October 16, 2020  
Thibodaux, Louisiana

