

**Pearlington Water & Sewer District
Annual Financial Report
Year Ended September 30, 2020**

**Pearlington Water & Sewer District
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September 30, 2020**

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INTRODUCTORY SECTION

**Pearlington Water & Sewer District
Principal Officials
As of September 30, 2020**

LEGISLATIVE

James Lamy
Cabrina Bell
Rosa Jackson
John Pavlovich
Jamie Bennett

Chairman
Vice Chairwoman
Secretary/Treasurer
Commissioner
Commissioner

FINANCIAL SECTION

Gerald W. Rigby, C.P.A., P.C.

**724 Dunbar Avenue
Bay St. Louis, MS 39520
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**Members of
Mississippi Society of Certified Public Accountants
American Institute of Certified Public Accountants**

Special-purpose Government with a Single Opinion Unit

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Pearlington Water & Sewer District
Pearlington, Mississippi

We have audited the accompanying financial statements of the Pearlington Water & Sewer District as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pearlington Water & Sewer District as of September 30, 2020, and the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-8 and 21-22 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.

Gerald W. Rigby, CPA, PC

Bay St. Louis, Mississippi
August 12, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS



James Lamy, Chairman

Rosa Jackson, Secretary/Treasurer

John Pavlovich, Commissioner

Cabrina Bell, Vice-Chairwoman

Jamie Bennett, Commissioner

Michael Haas Jr., Attorney

Within this section of the report, the Pearlington Water & Sewer District's (the District) financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

The components of this annual financial report include:

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Required Supplementary Information
- Other Information

Financial Highlights

- Cash increased by \$20,347
- Bonds payable decreased by \$13,766
- Accounts receivable decreased by \$6,448

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements and any additional information to supplement the basic financial statements.

Basic Financial Statements for the district consist of the; Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows and Notes to Financial Statements. These statements provide information about the District's assets and liabilities and its revenues and expenses using the accrual basis of accounting. In addition, they report the District's net position and changes in them.

The accompanying *Notes to the Financial Statements* provide information essential to a full understanding of the financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Required Supplementary Information consists of information that is considered to be an essential part of financial reporting and should be reported with, but not as a part of, the basic financial statements. The District's board approved budget is being presented as required supplementary information (RSI) in this report.

Other Information consists of the Schedule of Surety Bonds. This information is not required, but is presented for informational purposes.

Financial Analysis

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

The District's net position at fiscal year-end is \$1,117,734. This is a \$9,677 decrease from last year's net position of \$1,127,411.

Financial Analysis (continued)

The following table (Table 1) presents the condensed statement of net position as of September 30, 2020 and 2019, derived from the District's Statement of Net Position (page 6).

**Table 1: Condensed Statement of Net Position
As of September 30, 2020 and 2019**

	2020	2019
Current and other assets	\$ 1,371,685	\$ 1,367,670
Capital assets	332,131	357,641
Total assets	1,703,816	1,725,311
Current and other liabilities	41,482	42,658
Long-term liabilities	544,600	555,242
Total liabilities	586,082	597,900
Net position:		
Net investment in capital assets	(206,525)	(194,781)
Restricted	75,910	72,930
Unrestricted	1,248,349	1,249,262
Total net position	\$ 1,117,734	\$ 1,127,411

The decrease during the fiscal year indicated a lower financial position when compared to the prior year. The District generated an operating loss of \$2,570.

The following table (Table 2) presents the District's condensed statement of changes in net position for the fiscal years ended September 30, 2020 and 2019. For more detailed information see the Statement of Revenues, Expenses, and Changes in Net Position (page 7).

**Table 2: Condensed Statement of Changes in Net Position
September 30, 2020 and 2019**

	2020	2019
<i>Revenues</i>		
Charges for services	\$ 405,244	\$ 407,323
Total revenues	405,244	407,323
<i>Expenses</i>		
Management and administration	376,399	384,538
Depreciation	31,415	34,602
Total expenses	407,814	419,140
<i>Nonoperating revenues (expenses)</i>		
Other income	6,547	10,336
Other expenses	(13,654)	(13,993)
Total nonoperating revenue (expenses)	(7,107)	(3,657)
Increase (decrease) in net position	(9,677)	(15,474)
Beginning net position	1,127,411	1,142,885
Ending net position	\$ 1,117,734	\$ 1,127,411

Budgetary Highlights

The District chose to adopt a budget to reflect projected expenses for the fiscal year ending 2020. A budgetary comparison schedule (non-GAAP basis) is presented as Required Supplementary Information in this report.

The adopted budget for the fiscal year was approximately \$402,200. The District incurred operating expenses of \$338,274 excluding depreciation and bad debt expense.

Capital Assets

Infrastructure costs have been incurred by the Hancock County Utility Authority as part of a regional grant that paid for the installation of the system. The ownership of this infrastructure will be conveyed to the District at some time in the future. The District decreased capital assets by \$25,510, the decrease is due to accumulated depreciation.

Debt Administration

At the start of the fiscal year, the District's debt consisted of a revenue bond issued in 2013 for \$611,000. The principal balance as of September 30, 2020 was \$538,656.

Economic Factors

The district serves a small community mostly consisting of residential customers. There are no economic drivers or factors currently affecting the community.

Currently Known Facts and Conditions

The District is a member of the Hancock County Utility Authority. Currently the Utility Authority sets the rates for wholesale water purchased by its member entities. The Utility Authority Board has voted to increase water cost several times in the last few years. Due to the continued financial struggles of the Utility Authority, an additional increase is possible for 2020.

The District only has one well to provide water for its customers. For community safety and disaster preparation purposes, the District is exploring options to construct and fund a back-up water well.

Contacting the District's Management

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the office of the Administrator, Pearlington Water and Sewer District, P.O. Box 130, Pearlington, MS 39572; Attention: Ty Necaie, CPA.

BASIC FINANCIAL STATEMENTS

Pearlington Water & Sewer District
Statement of Net Position
September 30, 2020

Assets

Current assets:	
Cash and cash equivalents	\$ 1,173,645
Prepaid expenses	14,802
Accounts receivable, net	33,017
Inventory	<u>74,311</u>
Total current assets	<u>1,295,775</u>
Non-current assets:	
Cash, restricted	75,910
Assets not being depreciated	5,900
Other capital assets, net of accumulated depreciation	<u>326,231</u>
Total non-current assets	<u>408,041</u>
Total assets	<u><u>1,703,816</u></u>

Liabilities

Current liabilities:	
Accounts payable	23,245
Payroll liabilities	29
Accrued Wages	4,056
Sales tax payable	37
Bonds payable, current	<u>14,115</u>
Total current liabilities	<u>41,482</u>
Non-current liabilities:	
Customer deposits	14,860
Compensated absences	5,199
Bonds payable, non-current	<u>524,541</u>
Total non-current liabilities	<u>544,600</u>
Total liabilities	<u><u>586,082</u></u>

Net Position

Net investment in capital assets	(206,525)
Restricted	75,910
Unrestricted	<u>1,248,349</u>
Total net position	<u><u>\$ 1,117,734</u></u>

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

Pearlington Water & Sewer District
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2020

Operating Revenues

Charges for water services	\$ 144,863
Charges for sewer services	253,492
Other fees	<u>6,889</u>
Total operating revenues	<u>405,244</u>

Operating Expenses

Sewer treatment costs	58,063
Water purchase	16,405
Insurance	20,667
Field Supplies	45,040
Repairs and maintenance	1,730
Utilities	9,418
Vehicle expense	4,168
Personnel expense	129,941
Professional fees	80,316
Office expense	5,944
Bad debt expense	4,707
Depreciation expense	<u>31,415</u>
Total operating expenses	<u>407,814</u>
Operating income (loss)	<u>(2,570)</u>

Non-operating Revenues (Expenses)

Interest income	6,547
Interest expense	<u>(13,654)</u>
Total non-operating revenues (expenses)	<u>(7,107)</u>

Change in net position	(9,677)
Net position, beginning	<u>1,127,411</u>
Net position, ending	<u><u>\$ 1,117,734</u></u>

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

Pearlington Water & Sewer District
Statement of Cash Flows
For the Year Ended September 30, 2020

Cash flows from operating activities:

Cash received from customers	\$ 414,073
Cash payments to employees for services	(131,355)
Cash payments to suppliers for goods and services	<u>(235,593)</u>
Net cash flows provided (used) by operating activities	<u>47,125</u>

Cash flows from capital and related financing activities:

Principal payments on debt	(13,766)
Interest paid on debt	(13,654)
Acquisition of capital assets	<u>(5,905)</u>
Net cash provided (used) by financing activities	<u>(33,325)</u>

Cash flows from investing activities:

Interest received	<u>6,547</u>
Net cash provided (used) by investing activities	<u>6,547</u>
Net increase (decrease) in cash	20,347
Cash at beginning of year	<u>1,229,208</u>
Cash at end of year	<u><u>1,249,555</u></u>

Reconciliation of operating income (loss) to net cash flows provided (used) by operating activities:

Net operating income (loss)	(2,570)
Adjustments to reconcile net operating income to cash provided by operating activities:	
Depreciation expense	31,415
(Increase)/decrease in assets:	
Prepaid expenses	(2,477)
Accounts receivable	6,449
Inventory	12,360
Increase/(decrease) in liabilities:	
Accounts payable	990
Sales tax payable	(8)
Payroll liabilities	(3,353)
Accrued wages	846
Compensated absences	1,093
Customer deposits	<u>2,380</u>
Net cash flows used by operating activities	<u><u>\$ 47,125</u></u>

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

NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies**A) Financial Reporting Entity**

The Pearlington Water and Sewer District (the District) was created on March 2, 1998, for the purpose of providing a water and sewer system within certain territorial boundaries of Hancock County known as the Pearlington Community. All powers of the District are vested in a five-member Board of Commissioners. The Board has identified no component units using the criteria established by the Governmental Standards Board. However, the District has been determined to be a component unit of Hancock County, Mississippi. In addition, the District is a participating agency with the Hancock County Utility Authority for purposes of sewer treatment, disposal, and water purchases. As a sewer collection entity within Hancock County, it falls under the jurisdiction of the regional wastewater management authority.

B) Measurement Focus and Basis of Accounting

These financial statements have been presented in conformity with accounting principles generally accepted in the United States of America (GAAP) relative to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has been identified as an enterprise fund as described by GAAP for governmental entities. Enterprise funds utilize accounting principles in a manner similar to private business enterprises. Accordingly, accounting records are maintained and the financial statements are presented on the accrual basis of accounting. The accrual basis of accounting recognizes revenues when earned and expenses when incurred without regard to when each is received or disbursed, respectively. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Operating income includes revenues and expenses related to the primary continuing operation of the District. Principal operating revenues will be charges for water and sewer services. Principal operating expenses will be the costs of providing services and include administrative expenses and depreciation of capital assets. Any other revenues and expenses will be classified as non-operating in the financial statements.

C) Cash and cash equivalents

The District's cash consist of demand deposits held in a local bank and several short-term certificates of deposit. Cash consists of both unrestricted and restricted. The restricted cash is for the reserve accounts required by the Revenue Bond covenants.

D) Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year end are recorded as prepaid items.

E) Accounts Receivable

Accounts receivable consists of amounts expected to be received from customers for water and sewer services; and is presented net of any allowance for doubtful accounts and write-offs. As of September 30, 2020, the District's total write-off is \$16,785 and the allowance is \$10,806. This allowance is based on estimates by management.

F) Inventory

The District records inventory at cost. Inventories consist of replacement parts and supplies for the water and sewer system.

Note 1: Summary of Significant Accounting Policies (continued)*G) Capital Assets*

The District's assets that have a useful life of more than one year are reported at historical cost in the financial statements. The District generally capitalizes assets with a cost of \$500 or more. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. The estimated useful lives, in years, for depreciable assets will be as follows:

Buildings	10 – 50 years
Infrastructure and improvements other than buildings	10 – 50 years
Mobile equipment, furniture, machinery and equipment	5 – 20 years

H) Long-Term Liabilities

Outstanding debt is reported as liabilities in the District's financial statements. In accordance with GASB Statement No. 65, issuance cost of debt, if any, is expensed in the period incurred.

I) Compensated Absences

The District has adopted a policy of compensation for accumulated unpaid employee personal leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities. Full time employees are granted vacation benefits. Employees who resign in good standing are entitled to receive payment for accrued vacation not yet taken.

J) Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation. The District's policy is to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted are available.

Unrestricted net position – All other net position not meeting the definition of "restricted" or "net investment in capital assets."

K) Cost Allocation

The District allocates costs based upon a cost allocation policy. Direct costs are charged directly to water, sewer and debt service while certain other indirect costs are allocated among the three.

Note 2: Deposits and Investments

Mississippi statutes allow government entities to select depositories on the basis of competitive bid. Depositories must be covered by FDIC or FSLIC insurance and must provide qualifying collateral. In the case of institutions covered by FDIC insurance, collateral must equal 105% of deposits exceeding amounts insured by FDIC. Deposits in institutions insured by the FSLIC may not exceed the amount of federal insurance.

Note 2: Deposits and Investments (continued)

The State of Mississippi Treasury Department provides for a Public Depositors Statewide Collateral Pool Program. This program monitors financial institutions pledged balances to confirm that they meet the 105% minimum requirement with consideration given to the appropriate FDIC insurance coverage. The Treasury Department issues quarterly reports disclosing the District's accrual and average daily account balances in total by account type of each bank. If in fact a certain bank was under pledged then the Treasury Department would take appropriate steps in a timely fashion to bring the pledge back up to the minimum requirement.

The District deposits funds in financial institutions selected by its Board of Commissioners in accordance with State statute.

A summary of cash as of September 30, 2020:

Cash on hand	\$ 2,014
Deposits, unrestricted	1,171,631
Deposits, restricted	75,910
Total cash	<u>\$ 1,249,555</u>

Note 3: Capital Assets

Capital asset activity for the year ended September 30, 2020 is as follows:

	<i>Balance</i> <i>10/1/2019</i>	<i>Additions</i>	<i>Disposals</i>	<i>Balance</i> <i>9/30/2020</i>
Capital assets, not being depreciated				
Land	\$ 5,900	\$ -	\$ -	\$ 5,900
Total capital assets, not being depreciated	<u>5,900</u>	<u>-</u>	<u>-</u>	<u>5,900</u>
Capital assets, being depreciated				
Office furniture and equipment	21,485	1,800	-	23,285
Equipment	106,174	4,105	-	110,279
Trucks & trailers	52,048	-	-	52,048
Storage building	326,519	-	-	326,519
Improvements	61,762	-	-	61,762
Software	<u>4,993</u>	<u>-</u>	<u>-</u>	<u>4,993</u>
Total capital assets, being depreciated	<u>572,981</u>	<u>5,905</u>	<u>-</u>	<u>578,886</u>
Less accumulated depreciation	<u>(221,240)</u>	<u>(31,415)</u>	<u>-</u>	<u>(252,655)</u>
Total capital assets, being depreciated, net	<u>351,741</u>	<u>(25,510)</u>	<u>-</u>	<u>326,231</u>
Capital assets, net	<u>\$ 357,641</u>	<u>\$ (25,510)</u>	<u>\$ -</u>	<u>\$ 332,131</u>

Note 4: Debt Obligations

Changes in outstanding debt during the year ended September 30, 2020 are as follows:

	<i>Balance 10/1/2019</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance 9/30/2020</i>	<i>Due within one year</i>
Revenue bond	\$ 552,422	\$ -	\$ (13,766)	\$ 538,656	\$ 14,115
Customer deposits	12,480	2,500	(120)	14,860	-
Compensated absences	4,106	5,552	(4,459)	5,199	-
Total	<u>\$ 569,008</u>	<u>\$ 8,052</u>	<u>\$ (18,345)</u>	<u>\$ 558,715</u>	<u>\$ 14,115</u>

A) Water and Sewer System Revenue Bond

On March 20, 2013, the District issued a Revenue Bond with a face value of \$ 611,000. The bond was issued for the purpose of constructing, acquiring, improving or extending a combined water and sewer system. At the time of issuance, the District deferred the bond payments until March 20, 2015.

A summary of the Revenue Bond is as follows:

	<i>Date Issued</i>	<i>Maturity Date</i>	<i>Original Amount</i>	<i>Balance 9/30/2020</i>
Water and Sewer System Revenue Bond	3/20/2013	3/20/2048	\$ 611,000	\$ 538,656

A maturity schedule for the outstanding portion at September 30, 2020 is as follows:

<i>Year Ending September 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Requirements</i>
2021	14,115	13,305	27,420
2022	14,472	12,948	27,420
2023	14,837	12,583	27,420
2024	15,213	12,207	27,420
2025-2029	82,032	55,068	137,100
2030-2034	92,943	44,157	137,100
2035-2039	105,304	31,796	137,100
Thereafter	199,740	20,976	220,716
	<u>\$ 538,656</u>	<u>\$ 203,040</u>	<u>\$ 741,696</u>

Note 4: Debt Obligations (continued)

The District's Revenue Bond contains a number of limitations and restrictions on annual debt service requirements, maintenance of, and flow of monies through various restricted accounts, and minimum revenue bond coverages. At September 30, 2020, the District was in compliance with the bond covenants as noted below.

The indenture covenants of the revenue bond require the establishment of the following accounts:

- *Construction Fund.* Proceeds of the bond shall be deposited into this account.
- *Revenue Fund.* Operating revenues are to be deposited into this fund.
- *Operation and Maintenance Fund.* An amount will be deposited each month that will provide for the payment of reasonable expense that will operate and maintain the system in good working order.
- *Bond and Interest Fund.* Amounts will be deposited each month that will provide for the payment of the next installment of principal and interest.
- *Debt Service Reserve Fund.* An amount of \$ 245.22 is to be deposited each month until it reaches \$ 29,426.
- *Short Lived Asset Replacement Fund.* Shall be established and have \$ 10.00 a month deposited into it.

During the year ended September 30, 2020, the debt service reserve requirements above were fully funded.

In addition to the above requirements, the bond indenture contains a resolution that requires the reporting of certain other information related to the water and sewer system as presented below:

1.	The number of customers at the beginning of the fiscal year	520
	The number of customers at the end of the fiscal year	527
2.	The number of properties connected with water lines	507
3.	The number of metered customers at the end of the year	527
	The number of unmetered customers at the end of the year	20

B) Schedule of Insurance

<i>Description</i>	<i>Coverage Amount</i>	<i>Insurer</i>	<i>Expiration Dates</i>
Commercial Liability	1,000,000	American International Group	4/1/2021
Worker's Compensation	500,000	Liberty Mutual Insurance	9/13/2021
Flood	290,400	Wright National Flood Insurance	9/1/2021
Public Officials	50,000	Old Republic Surety Co.	3/15/2021

Additionally, the bond indenture requires a statement by the auditor regarding the manner in which the District complied with the requirements of this resolution. As stated in the Compliance report, the results of our tests disclosed no instances of noncompliance.

Note 5: Commitments

The Pearlington Water and Sewer District has a service agreement with the Hancock County Utility Authority. This agreement is to purchase wholesale potable water and sewer treatment services. Additionally, the District has assumed maintenance responsibility of the water and sewer system's collection and distribution lines.

Note 6: Risk Management

The District is exposed to various risks and losses related to torts, errors and omission, and personal injury. All of the Commissioners and employees maintain public official bonds in the amount of \$50,000 each. The District also has commercial general liability and vehicle policies to cover risk related to plant, equipment and management.

The District has issued a Revenue Bond that was purchased by United States Department of Agriculture through the Rural Utilities Service (RUS) program. These programs are subject to audit by the granting authority, the purpose of which is to ensure compliance with conditions precedent to the funds.

Note 7: Subsequent Events

The District has evaluated events through January 18, 2021, the report date. There were no events identified that would have an effect on the financial statements of the District.

SUPPLEMENTARY INFORMATION

Pearlington Water & Sewer District
Budgetary Comparison Schedule (Non-GAAP Basis)
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
Operating Revenues				
Total operating revenues	\$ 388,700	\$ 402,200	\$ 414,073	\$ 11,873
Operating Expenses				
Personnel services	118,584	125,168	131,355	6,187
Utilities	9,100	9,100	9,176	76
Insurance	24,000	20,000	20,535	535
Office expense	8,000	8,000	5,907	(2,093)
Repairs and maintenance	30,500	45,500	31,182	(14,318)
Outside Services	15,000	12,000	3,580	(8,420)
Vehicle expense	6,000	8,400	4,628	(3,772)
Water quality test	1,700	1,700	1,605	(95)
Director's pay	6,300	6,300	5,040	(1,260)
Professional fees	99,280	85,280	51,880	(33,400)
Water purchase	18,600	18,600	16,436	(2,164)
Sewer collection cost	-	15,000	-	(15,000)
Sewer treatment cost	55,200	54,000	56,950	2,950
Total operating expenses	392,264	409,048	338,274	(70,774)
Nonoperating Income (Expenses)				
Interest income	1,000	1,000	6,547	5,547
Equipment Purchase	(12,000)	(3,900)	(5,905)	(2,005)
RUS Debt Payments	(28,000)	(28,000)	(27,420)	580
Design & Engineering	(25,000)	-	18,772	18,772
Total nonoperating income (expenses)	(64,000)	(30,900)	(8,006)	22,894
Change in net position, non-GAAP basis	\$ (67,564)	\$ (37,748)	\$ 67,793	\$ 105,541

Note 1: Budgetary Information

Pearlington Water & Sewer District is not required by statute to adopt or amend a budget. The entity does not receive governmental funds and operates solely on revenues received from providing services. The budget passed by the entity is on a non-GAAP basis and is used as a management tool. The major differences between the budgetary basis and the GAAP basis are:

- Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Note 2: Basis of Presentation

The Budgetary Comparison Schedule (Non-GAAP Basis) presents the final adopted budget and the actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts.

OTHER INFORMATION

**Pearlington Water & Sewer District
Schedule of Surety Bonds
For the Year Ended September 30, 2020**

Name	Title	Company	Coverage
James Lamy	Chairman	Old Republic Surety	\$ 50,000
Cabrina Bell	Vice-Chairwoman	Old Republic Surety	\$ 50,000
Rosa Jackson	Treasurer/Secretary	Old Republic Surety	\$ 50,000
John Pavlovich	Commissioner	Old Republic Surety	\$ 50,000
Jamie Bennett	Commissioner	Old Republic Surety	\$ 50,000
Zoe Bowers	Operator	Old Republic Surety	\$ 50,000
Carolyn Wilkinson	Office Clerk	Old Republic Surety	\$ 50,000
Renee Pitre	Office Clerk	Old Republic Surety	\$ 50,000
Ronnie Pack	Field Operator	Old Republic Surety	\$ 50,000
Larry Shafer	Field Operator	Old Republic Surety	\$ 50,000

