

**TANGIPAHOA WATER DISTRICT
TANGIPAHOA PARISH COUNCIL**

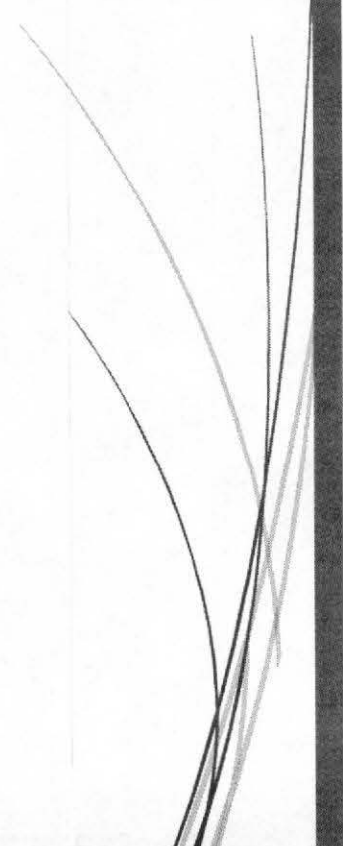
ANNUAL FINANCIAL STATEMENTS

As of December 31, 2020 and for the Year Ended
With Supplemental Information Schedules
(with 2019 summarized comparative information)



**Hebert Johnson
& Associates, Inc.**
Certified Public Accountants

A Professional Accounting Corporation



Tangipahoa Water District
Annual Financial Statements
As of and for the Year Ended December 31, 2020
With Supplementary Information
(with 2019 summarized comparative information)

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A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report

Board of Commissioners
Tangipahoa Water District
Tangipahoa Parish Council

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Tangipahoa Water District, Natalbany, Louisiana, a component unit of the Tangipahoa Parish Council, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Tangipahoa Water 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe 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 respective financial position of the business-type activities of the Tangipahoa Water District, as of December 31, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Tangipahoa Water District's December 31, 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 14, as well as the information presented in the Schedule of the District's Proportionate Share of Net Pension Liability and the Schedule of the Tangipahoa Water District's Contributions on pages 47-48 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 Tangipahoa Water District's basic financial statements. The supplementary information contained in the Other Supplemental Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information contained in the Other Supplemental Information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Phil Hebert

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Ponchatoula, Louisiana
September 30, 2021

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Required Supplementary Information (Part I)
Management's Discussion and Analysis

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020 (with December 31, 2019 summarized comparative information)

Introduction

The Tangipahoa Water District (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendment of GASB 34, including the adoption of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards are more fully described in the *Footnote 1 - Summary of Significant Accounting Policies*.

The District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the District's basic financial statements and related notes, which follow management's discussion and analysis.

Financial Highlights

- At December 31, 2020, total assets and deferred outflows of resources were \$51,632,396, and exceeded liabilities and deferred inflows of resources in the amount of \$15,094,683 (i.e., net position). Of the total net position, \$4,796,235 was unrestricted and available to support short-term operations. The balance of \$10,298,448 was the net investment in capital assets.
- For the year ended December 31, 2020, user fee revenues (water sales) increased to \$7,074,694 as compared to \$6,826,186 for the fiscal year ending December 31, 2019. Residential and commercial customers increased by approximately 4.72 percent and 3.67 percent respectively.
- The District's operating expenses, other than depreciation and amortization expense, decreased by \$50,707 or approximately one percent to \$3,386,282 as compared to \$3,436,989 for the prior fiscal year. The major components of the decrease included decreases of \$113,850 for retirement benefits, \$42,685 for other miscellaneous expenses, \$26,237 for bad debt expense, \$21,072 for repairs and maintenance, and \$11,419 for telephone expense. Increases included \$68,991 for salaries, \$56,075 for chlorination, and \$34,584 for computer expense.
- Property, plant, and equipment decreased by \$193,605 (net of accumulated depreciation) due to depreciation. Construction costs of \$485,606 were incurred during the fiscal year for the Series 2016 project. Construction costs of \$300,612 were incurred during the fiscal year for the new water lines project. Other additions included \$3,503 for the new computers, \$37,745 for seventeen new radios, \$49,184 for machinery and equipment, which included numerous communication and office equipment, \$10,795 for a generator platform, and \$888,203 for other system improvements. Deletions included \$749 in machinery and equipment and \$3,085 in water system improvements, which included flowmeters. Current year depreciation expense of \$1,969,152 reduced the overall net increase in property, plant, and equipment.

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020 (with December 31, 2019 summarized comparative information)

- Total long-term debt increased by \$975,000, before consideration of unamortized premium and discount, due to principal payments. Total long-term bonded debt was \$33,915,000 at December 31, 2020 before unamortized discounts and premiums.

Overview of the Annual Financial Report

This discussion and analysis serves as an introduction to the District's basic financial statements and supplementary information. The District's basic financial statements include the following: 1) Statement of Net Position, 2) Statement of Revenues, Expenses, and Changes in Net Position, 3) Statements of Cash Flows, and 4) Notes to the Basic Financial Statements. The financial statements report information on the District using full accrual accounting methods similar to those used in the private business sector.

The Statement of Net Position provides information about the nature and amount of the District's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses, and Changes in Net Position accounts for the revenues and expenses for the fiscal year, and provides information on how Net Position changed during the year. This statement measures the success of the District's operations over the past year and can be used to determine if the District has recovered its costs through user fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and related financing activities, and provides information on the source of cash receipts, what the cash was used for, and the total change in cash for the reporting period.

The notes to the financial statements provide required disclosures essential to a full understanding of the data provided in the District's basic financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule and key information schedules on operation of the District.

Financial Analysis

The purpose of financial analysis is to help determine whether Tangipahoa Water District is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position, are presented below in condensed format. These statements report the Net Position, the difference between assets and liabilities, and the change in Net Position, which provides information for indicating the financial condition of the District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

Tangipahoa Water District

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2020
(with December 31, 2019 summarized comparative information)**

**Condensed Statements of Net Position
2020 and 2019**

	2020	2019 (Restated)	Dollar Change	Percentage Change
Assets:				
Current and Other Assets	\$ 7,953,809	\$ 7,131,126	\$ 822,683	12%
Capital Assets	41,688,671	41,882,276	(193,605)	0%
Total Assets	49,642,480	49,013,402	629,078	1%
Deferred Outflows of Resources:				
Refunding of Debt	1,787,289	338,741	1,448,548	428%
Pension Related	202,627	541,733	(339,106)	-63%
Total Deferred Outflows of Resources	1,989,916	880,474	1,109,442	126%
Liabilities:				
Long-Term Debt Outstanding	33,899,552	33,667,749	231,803	1%
Other Liabilities	2,345,609	2,192,337	153,272	7%
Total Liabilities	36,245,161	35,860,086	385,075	1%
Deferred Inflows of Resources:				
Pension Related	292,552	36,826	255,726	694%
Total Deferred Inflows of Resources	292,552	36,826	255,726	694%
Net Position:				
Net Investment in Capital Assets	10,298,448	10,646,084	(347,636)	-3%
Restricted for Capital Activity and Debt Service	-	49,078	(49,078)	
Unrestricted	4,796,235	3,301,802	1,494,433	45%
Total Net Position	\$ 15,094,683	\$ 13,996,964	\$ 1,097,719	8%

The major components of the change in "Current and Other Assets" are generated from increases in unrestricted cash. Restricted cash remaining for the Series 2016 project totaled \$931,857. There was also an approximate \$179,702 increase in accounts receivable.

Total Deferred Outflows of Resources increased by \$1,109,442 due to a decrease of \$339,106 related to pension and increases of \$1,448,548 for items related to the refunding of debt.

Long Term Debt increased by \$231,803. The District issued \$20,825,000 in Series 2020 Revenue Refunding Bonds. Principal payments of \$19,850,000 on water revenue bonds were also made. There was also a decrease in net pension liability of \$595,698. Other liabilities increased by \$153,272. There were increases in customer deposits payable \$54,298, construction payable \$151,353, retainage payable \$47,183. There was a decrease in accounts payable of \$46,148.

Total Deferred Inflows of Resources increased by \$255,726 related to pension.

"Total Net Position" (total assets less total liabilities) increased by \$1,097,719 for the fiscal year ending December 31, 2020. As components of this change, operating revenues increased three percent and operating expenses decreased one percent.

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020 (with December 31, 2019 summarized comparative information)

Condensed Statements of Revenues, Expenses and Changes in Net Position 2020 and 2019

	Year ended December 31, 2020	Year ended December 31, 2019 (Restated)	Dollar Change	Percentage Change
Revenues:				
Operating Revenues	\$ 7,959,731	\$ 7,691,283	\$ 268,448	3%
Nonoperating Revenues	42,847	258,335	(215,488)	-83%
Total Revenues	<u>8,002,578</u>	<u>7,949,618</u>	<u>52,960</u>	1%
Expenses:				
Depreciation Expense and Amortization	1,970,375	1,966,640	3,735	0%
Other Operating Expense	3,386,282	3,436,989	(50,707)	-1%
Nonoperating Expense	1,548,202	1,308,230	239,972	18%
Total Expenses	<u>6,904,859</u>	<u>6,711,859</u>	<u>193,000</u>	3%
Income (Loss) Before Contributions and Transfers	1,097,719	1,237,759	(140,040)	-11%
Transfers In	-	-	-	0%
Changes in Net Position	<u>1,097,719</u>	<u>1,237,759</u>	<u>(140,040)</u>	-11%
Beginning Net Position	14,024,564	12,790,567	1,233,997	10%
Prior Period Adjustments (Note 17)	(27,600)	(31,362)	3,762	-12%
Adjusted Beginning Net Position	<u>13,996,964</u>	<u>12,759,205</u>	<u>1,237,759</u>	10%
Ending Net Position	<u>\$ 15,094,683</u>	<u>\$ 13,996,964</u>	<u>\$ 1,097,719</u>	8%

While the Statement of Net Position shows the change in financial position of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers to the nature and scope of these changes.

- Total "Operating Revenues" (including water sales and revenues related to providing water and related services to customers) increased by three percent as compared to a four percent increase in the prior year. There was an increase of 989 customers (4.62 percent) for the fiscal year ended. There was an overall decrease of one percent for total operating expenses which included decreases \$113,850 for retirement benefits, \$42,685 for other miscellaneous expenses, \$26,237 for bad debt expense, \$21,072 for repairs and maintenance, and \$11,419 for telephone expense. Increases included \$68,991 for salaries, \$56,075 for chlorination, and \$34,584 for computer expense.
- Nonoperating revenues decreased by \$215,488 due to decreases of \$60,266 for interest income, \$78,000 in donation of land, and \$62,157 for other income. The nonoperating expense increased \$239,972 due to increases related to bond issuance costs of \$467,819 and decreases of interest expense of \$233,950.

Tangipahoa Water District

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2020
(with December 31, 2019 summarized comparative information)**

One of the methods for viewing changes from year-to-year is to compare revenue and expense data calculated per customer. For the data presented below, there were 22,409 and 21,420 customers at December 31, 2020 and 2019 respectively. This represents an increase in customers of approximately five percent from the prior fiscal year. This information below is also often used by lenders to calculate the water rates required to cover operating expenses and debt service requirements. The following table presents comparative data, computed as average monthly revenue and expenses, for the fiscal years ending December 31, 2020 and 2019:

Revenue and Expense Data Per Customer

	December 31, 2020	December 31, 2019	Increase (Decrease)
Water Sales	26.31	26.56	(0.25)
Operating Revenues	29.60	29.92	(0.32)
Total Revenues	29.76	30.93	(1.17)
Operating Expenses	19.92	21.02	(1.10)
Total Expenses	25.68	26.11	(0.43)

The data provides information on trends in revenue and expenses per customer, but should be reviewed over an extended period. With the continued increase in the number of customers, the District has achieved consistency in revenue and expense trends. This data should be reviewed for long-term trends.

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020 (with December 31, 2019 summarized comparative information)

Budgetary Highlights

Tangipahoa Water District adopts an annual operating budget to provide for effective management of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended by the Board of Commissioners after review of monthly budget-to-actual financial reports. Although presentation of budgetary highlights is not a required disclosure within *Management's Discussion & Analysis* for enterprise funds, this disclosure is permitted and is presented since budgetary review is essential to successful operation of a water district. A summary of the approved budget is presented below in a condensed format summarizing major revenue and expense categories, and is followed by analysis of significant variations between budget and actual amounts. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in "Schedule 3 - Budgetary Comparison Schedule", as supplementary information, following the footnotes to the financial statements.

Budget vs. Actual - Fiscal Year ended December 31, 2020

	Budget Year ended December 31, 2020	Actual Year ended December 31, 2020	Favorable (Unfavorable) Variance
Revenues:			
Operating Revenues	\$ 7,918,994	\$ 7,959,731	\$ 40,737
Nonoperating Revenues	48,965	42,847	(6,118)
Total Revenues	<u>7,967,959</u>	<u>8,002,578</u>	<u>34,619</u>
Expenses:			
Depreciation Expense	1,973,459	1,969,152	4,307
Other Operating Expense	3,346,102	3,387,505	(41,403)
Nonoperating Expense	1,630,886	1,548,202	82,684
Total Expenses	<u>6,950,447</u>	<u>6,904,859</u>	<u>45,588</u>
Income (Loss) before Contributions or Transfers	1,017,512	1,097,719	80,207
Capital Contributions or Transfers	-	-	-
Change in Net Position	<u>\$ 1,017,512</u>	<u>\$ 1,097,719</u>	<u>\$ 80,207</u>

Total revenues exceeded budgeted by less than one percent. Total expenses were over budgeted less than percent. Budgets for operating expense accounts were amended at fiscal year-end to reflect increased costs of operation as the system is expanded and new customers are added.

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020 (with December 31, 2019 summarized comparative information)

Other Significant Trends and Account Changes

Included within this section is first a listing and analysis of general trends and operating data affecting the operation of the District. This is followed by an analysis of any significant account changes, not included within other sections of the Management's Discussion and Analysis.

General Operating Data

One key measure of a water district's profitability is the ability to generate positive cash flows and to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ending December 31, 2020 and 2019.

	<u>Year Ended December 31, 2020</u>	<u>Year Ended December 31, 2019 (Restated)</u>	<u>Increase (Decrease)</u>
Accounts Receivable			
Current	\$ 368,128	\$ 359,038	\$ 9,090
31-60 Days Past Due	70,281	77,498	(7,217)
61-90 Days Past Due	26,789	25,771	1,018
Over 90 Days Past Due	63,239	48,218	15,021
Subtotal	<u>528,437</u>	<u>510,525</u>	17,912
Allowance for Uncollectible Accounts	(100,126)	(100,514)	388
Sewer and Garbage Receivables	623,492	462,090	161,402
Net Accounts Receivable	<u>\$ 1,051,803</u>	<u>\$ 872,101</u>	<u>\$ 179,702</u>

The District continued efforts in collecting bills and in writing off accounts as they become past due. The increased number of customers for water billings is the primary driver of the increased water customer receivables at year end.

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020 (with December 31, 2019 summarized comparative information)

Capital Assets and Debt Administration

Capital Assets

At the end of the fiscal year ending December 31, 2020, Tangipahoa Water District had \$41,688,671 (net of accumulated depreciation) recorded in capital assets. This includes water utility systems and improvements, throughout the parish. Other significant capital assets include the District's improvements for water system equipment and supplies, and equipment and machinery, including vehicles, for water system operation. The changes in capital assets are presented in the table below.

	December 31, 2020	December 31, 2019	Increase (Decrease)	Percentage Change
Capital Assets				
Land	\$ 387,800	\$ 387,800	\$ -	-
Water Distribution System	62,488,965	61,562,968	925,997	2%
Buildings and Improvements	779,308	779,308	-	-
Equipment	1,950,603	1,891,003	59,600	3%
Furniture and Fixtures	18,402	18,402	-	-
Construction in Progress	955,392	169,173	786,219	465%
Subtotal	66,580,470	64,808,654	1,771,816	3%
Less: Accumulated Depreciation	(24,891,799)	(22,926,378)	(1,965,421)	9%
Net Capital Assets	\$ 41,688,671	\$ 41,882,276	\$ (193,605)	0%

The total increases during the fiscal year ending December 31, 2020, were \$1,771,816 before depreciation.

Construction in progress additions on the Series 2016 Project of \$485,606 and on the new water lines project of \$300,612. Other additions included \$3,503 for new computers, \$37,745 for the seventeen new radios, \$49,184 for machinery and equipment, which included numerous communication and office equipment, \$10,795 for a generator platform, and \$888,203 for other system improvements.

Deletions included \$749 in machinery and equipment and \$3,085 in water system improvements for flowmeters. The total costs of the flowmeters were \$3,834 and had \$3,731 in accumulated depreciation. These items were broken and replaced during the fiscal year.

Current year depreciation expense of \$1,969,152 reduced the overall net increase in property, plant, and equipment.

Tangipahoa Water District

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020 (with December 31, 2019 summarized comparative information)

Long-Term Offerings

The primary source of long-term financing for Tangipahoa Water District water system improvements was in the past revenue bonds financed by the United States Department of Agriculture, Rural Utilities Service (RUS). All RUS bond issues were refunded in year 2011. The footnote entitled "Long Term Obligations" to the financial statements provides more detail on debt financing, including bond issues financed during the current fiscal year with the issuance of Series 2020 Water Revenue Refunding Bonds.

Bonds financed for Tangipahoa Water District, require a specific debt to net income ratio. The District covenants to fix, establish, maintain and collect such rates, fees, rents or other charges for the services and facilities of the System, and all parts thereof, and to revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to pay the reasonable and necessary expenses of operating and maintaining the System in each fiscal year and as will provide Net Revenues at least equal to the 120 percent of the principal and interest falling due in such year on all bonds or other obligations payable from the System and as will provide revenues at least sufficient to pay all reserve or sinking funds or other payments required for such fiscal year by this Resolution and all obligations or indebtedness payable out of the Revenues during such year, and that such rates, fees, rents or other charges shall not at any time be reduced as to be insufficient to provide adequate revenues for such purposes. For the fiscal year ended, the Tangipahoa Water District recorded "Net Revenues" exceeding the "120 percent" requirement per applicable bond covenants. "Net Revenues", per applicable bond provisions, means the revenues, after provision has been made for the payment for the reasonable and necessary expenses of maintaining and operating the system.

Future Economic Plans

In an effort to meet the needs of existing customers and to respond to the demands of a growing community, the Board of Commissioners of Tangipahoa Water District created a "Long-Range Committee" to identify and prioritize those areas for which construction projects would benefit residents of Tangipahoa Parish. The committee meets periodically with the system engineer to formalize these plans, and to review cost estimates.

Requests for Information

This financial report is designed to provide a general overview of Tangipahoa Water District's finances and to demonstrate the District's accountability. If you have questions regarding this report or need additional information, contact the District at 46463 North Morrison, Natalbany, LA 70451. The phone number for the District is (985) 345-6457.

Business-Type Financial Statements

Tangipahoa Water District
Statement of Net Position
As of December 31, 2020
(With Comparative Totals as of December 31, 2019)

	2020	2019 (Restated)
Assets		
Current Assets:		
Cash and Cash Equivalents - Operating	\$ 4,097,869	\$ 2,739,277
Receivables, Net :		
Accounts	1,051,803	872,101
Accrued Billings	297,441	276,741
Other	7,051	6,729
Inventory	124,384	114,691
Prepaid and Other Assets	40,349	38,600
Total Current Assets	5,618,897	4,048,139
Restricted Assets:		
Restricted Cash and Cash Equivalents	2,210,360	2,930,393
Total Restricted Assets	2,210,360	2,930,393
Property, Plant, and Equipment		
Land	387,800	387,800
Construction in Progress	955,392	169,173
Property, Plant and Equipment, Net	40,345,479	41,325,303
Total Property, Plant, and Equipment	41,688,671	41,882,276
Other Assets		
Bond Issue Insurance Costs and Other	124,552	152,594
Total Other Assets	124,552	152,594
Total Assets	49,642,480	49,013,402
Deferred Outflows of Resources		
Refunding of Debt	1,787,289	338,741
Pension Related	202,627	541,733
Total Deferred Outflows of Resources	1,989,916	880,474
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	131,575	177,723
Compensated Absences Payable	51,333	40,453
Other Accrued Payables	405,196	392,745
Total Current Liabilities (Payable From Current Assets)	588,104	610,921
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	1,423,299	1,369,001
Bonds Payable	1,190,000	990,000
Retainage Payable	47,183	-
Construction Payable	172,759	21,406
Accrued Interest Payable	114,264	191,009
Total Current Liabilities (Payable From Restricted Assets)	2,947,505	2,571,416
Long Term Liabilities:		
Bonds Payable	32,703,342	32,075,841
Net Pension Liability	6,210	601,908
Total Long Term Liabilities	32,709,552	32,677,749
Total Liabilities	36,245,161	35,860,086
Deferred Inflows of Resources		
Pension Related	292,552	36,826
Total Deferred Inflows of Resources	292,552	36,826
Net Position		
Net Investment in Capital Assets	10,298,448	10,646,084
Restricted for:		
Capital Projects and Debt Service	-	49,078
Unrestricted	4,796,235	3,301,802
Total Net Position	\$ 15,094,683	\$ 13,996,964

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

Tangipahoa Water District
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Operating Revenues		(Restated)
Water Sales	\$ 7,074,694	\$ 6,826,186
Tap-In and Service Charges	452,949	457,715
Reconnect Charges	72,425	85,005
Penalty Charges	253,421	221,110
Billing Fees	82,576	78,302
Intergovernmental	10,675	10,363
Other	12,991	12,602
Total Operating Revenues	<u>7,959,731</u>	<u>7,691,283</u>
Operating Expenses		
Amortization	1,223	16,450
Bad Debts	52,508	78,745
Billing Costs	140,716	131,987
Chlorination	446,667	390,592
Computer Expense	56,132	21,548
Depreciation	1,969,152	1,950,190
Director's Expense	24,450	27,900
Employee Expense	7,188	6,078
Insurance - Hospitalization	298,402	295,569
Insurance - Business	141,189	137,900
Office Expenses	49,903	56,459
Other	49,478	92,163
Payroll Taxes	32,981	30,005
Professional Fees	62,295	61,603
Repairs and Maintenance	208,456	229,528
Salaries and Wages	1,157,732	1,088,741
Retirement Benefits	136,505	250,355
Telephone	60,053	71,472
Utilities	271,164	271,301
Vehicle Expenses	118,393	112,625
Water Well Maintenance and Supplies	72,070	82,418
Total Operating Expenses	<u>5,356,657</u>	<u>5,403,629</u>
Operating Income (Loss)	<u>2,603,074</u>	<u>2,287,654</u>
Nonoperating Revenues (Expenses)		
Realized Gain (Loss) on Sale of Capital Assets	-	15,524
Bond Issuance Costs Incurred	(467,819)	-
Interest Income	26,162	86,428
Interest Expense	(1,074,280)	(1,308,230)
Insurance Reimbursements	686	227
Donations	-	78,000
Other Income	15,999	78,156
Other Expense	(6,103)	-
Total Nonoperating Revenues (Expenses)	<u>(1,505,355)</u>	<u>(1,049,895)</u>
Income (Loss) Before Contributions	<u>1,097,719</u>	<u>1,237,759</u>
Contributions and Transfers		
Transfers in from Tangipahoa Parish Council	-	-
Change in Net Position	<u>1,097,719</u>	<u>1,237,759</u>
Total Net Position, Beginning	14,024,564	12,790,567
Prior Period Adjustments (Note 17)	(27,600)	(31,362)
Total Adjusted Net Position, Beginning	<u>13,996,964</u>	<u>12,759,205</u>
Total Net Position, Ending	<u>\$ 15,094,683</u>	<u>\$ 13,996,964</u>

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

Tangipahoa Water District
Statement of Cash Flows
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		(Restated)
Received From Customers	\$ 7,735,663	\$ 7,505,128
Received for Meter Deposit Fees	54,298	74,262
Other Receipts	57,642	62,383
Payments for Operations	(1,805,604)	(1,652,926)
Payments to Employees	(1,650,101)	(1,525,935)
Net Cash Provided by Operating Activities	<u>4,391,898</u>	<u>4,462,912</u>
Cash Flows From Noncapital Financing Activities		
Other Receipts	37,401	78,383
Net Cash Provided (Used) by Noncapital Financing Activities	<u>37,401</u>	<u>78,383</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from Sale of Capital Acquisitions	103	16,000
(Payments for) Capital Acquisitions	(1,577,114)	(1,292,914)
(Payments for) Bond Issuance Costs	(1,916,367)	18,319
Principal Proceeds from Long Term Debt	20,825,000	-
Principal (Repayments) for Long Term Debt	(19,850,000)	(965,000)
Interest Payments for Long Term Debt	(1,298,524)	(1,318,659)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,816,902)</u>	<u>(3,542,254)</u>
Cash Flows From Investing Activities		
Receipt of Interest	26,162	86,428
Net Cash Provided by Investing Activities	<u>26,162</u>	<u>86,428</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	638,559	1,085,469
Cash and Cash Equivalents, Beginning of Year	5,669,670	4,584,201
Cash and Cash Equivalents, End of Year	<u>\$ 6,308,229</u>	<u>\$ 5,669,670</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 4,097,869	\$ 2,739,277
Cash and Cash Equivalents, Restricted	2,210,360	2,930,393
Total Cash and Cash Equivalents	<u>\$ 6,308,229</u>	<u>\$ 5,669,670</u>

(Continued)

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

Tangipahoa Water District
Statement of Cash Flows
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	2020	2019
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		(Restated)
Operating Income (Loss)	\$ 2,603,074	\$ 2,315,853
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,970,375	1,966,640
(Increase) decrease in Accounts Receivable	(179,702)	(138,832)
(Increase) decrease in Accrued Billings	(20,700)	(24,358)
(Increase) decrease in Due from Other Governments	33,976	39,129
(Increase) decrease in Other Receivables	-	289
(Increase) decrease in Inventory	(9,693)	(14,350)
(Increase) decrease in Prepaid Insurance	(1,749)	(2,364)
(Increase) decrease in Deferred Outflows of Resources-Pension	339,106	(328,686)
Increase (decrease) in Accounts Payable	(46,148)	59,842
Increase (decrease) in Compensated Absences	10,880	4,852
Increase (decrease) in Deferred Inflows of Resources-Pension	255,726	(235,581)
Increase (decrease) in Accrued Expenses	(617,545)	746,216
Increase (decrease) in Customer Deposits	54,298	74,262
Net Cash Provided by Operating Activities	\$ 4,391,898	\$ 4,462,912

(Concluded)

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

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020
(with December 31, 2019 summarized comparative information)

Introduction

On August 5, 1992, the Tangipahoa Parish Council voted to create a parish wide water District effective November 16, 1992, in accordance with *Louisiana Revised Statute 33:3811*, thus creating the Tangipahoa Water District. The purpose for creating Tangipahoa Water District (hereinafter referred to as the District) was initially to consolidate the existing Water Works District Number 2 of Tangipahoa Parish, but Second Ward Water District and Fourth Ward Water District, two active water districts in the northern part of Tangipahoa Parish, were eventually consolidated into Tangipahoa Water District for continued operation. During the fiscal year ending December 31, 2010, Tangipahoa Water District formally took over operation of the Fluker Water System.

The Tangipahoa Water District is governed by a board of commissioners consisting of eight members. The board is appointed by the parish council and paid according to the number of meetings attended. Tangipahoa Water District encompasses the southern part of Tangipahoa Parish and parts of north Tangipahoa Parish with some exclusions for previously franchised areas of Tangipahoa Parish. At December 31, 2020, Tangipahoa Water District provided service to a total of 22,409 customers.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Tangipahoa Water District is considered a component unit of the Tangipahoa Parish Council.

1. Summary of Significant Accounting Policies

A. Measurement Focus and Basis of Accounting and Financial Statement Presentation

The District's financial statements are prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as described in the following paragraphs.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, that require capital contributions to the District to be presented as a change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies

Tangipahoa Water District
Notes to the Financial Statements
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net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote I – Net Position*. As required by the Governmental Accounting Standards Board (GASB), the District implemented GASB Statement No. 63 during the year ending December 31, 2012. The District had \$1,787,289 of deferred outflows of resources due to debt refundings during the year ending December 31, 2020. The District also had deferred outflows and deferred inflows of resources related to pension of \$202,627 and \$292,552, respectively, at December 31, 2020.

The District has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The application of this standard to long-term debt offerings of the District is more fully described in *Footnote H – Long-Term Debt Offerings*.

All activities of the District are accounted for in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing authority is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

The term measurement focus denotes what is being measured and reported in the District's operating statement. Financial operations of the District are accounted for on the flow of economic resources measurement focus. With this measurement focus, all of the assets and liabilities, available to the District for the purpose of providing goods and services to the public, are included on the balance sheet. The activity statement includes all costs of providing goods and services during the period.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations, primarily the provision of water to rural areas of Tangipahoa Parish. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

B. Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, interest-bearing demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the District may deposit funds in demand deposits,

Tangipahoa Water District
Notes to the Financial Statements
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interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments for the District 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. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy.

C. Inventories

Inventories consist of materials and supplies and are recorded as an expense when consumed. Inventories are valued at cost using the first-in, first-out method.

D. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items consist of prepaid insurance premiums.

E. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Additionally, funds held for customers' meter deposits are also classified as restricted assets.

F. Capital Assets

Capital assets of the District are defined by the District as assets with an initial, individual cost of more than \$500, and an estimated useful life in excess of one year. Capital assets are recorded at either historical cost or estimated historical cost. Donated assets, including water systems donated for continued maintenance by the District, are valued at their estimated fair market value on the date donated. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	15 - 30 Years
Equipment and Furniture	5 - 7 Years
Utility System	20 - 50 Years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Effective for fiscal year 2019, the District no longer capitalizes interest during the construction period on a prospective basis as per GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.

Tangipahoa Water District
Notes to the Financial Statements
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G. Compensated Absences

The District has the following policy related to vacation and sick leave:

Employees earn five days of paid vacation after working full-time for one year, ten days of paid vacation after working full-time for three years, and fifteen days of paid vacation after working full-time for ten years. Employees are not allowed to accumulate vacation leave, unless there is a business need. Overtime can be earned from the first day of employment.

GASB-16, *Accounting for Compensated Absences* provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB-16 provides that a liability for sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals. Accordingly, the District has not accrued liability for sick leave.

H. Long-Term Debt Offerings

Long-term liabilities are recognized within the Enterprise Fund. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65.

The District has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, are revised. This standard was intended to compliment GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65. The District had \$467,819 in bond related costs in the year ending December 31, 2020.

GASB Statement 23, as amended, establishes accounting and financial reporting for current refundings and advance refundings resulting in defeasance of debt. Refundings involve the issuance of new debt whose proceeds are used to repay previously issued ("old") debt. The new debt proceeds may be used to repay the old debt immediately (a current refunding); or the new debt proceeds may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (an advance refunding). As described in paragraphs 3 and 4 of GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, an advance refunding may result in the in-substance defeasance of the old debt provided that certain criteria are met.

For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflow of resources or a

Tangipahoa Water District
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deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Paragraph 187 of GASB Statement 62 establishes standards of accounting and financial reporting for debt issuance costs. Paragraph 12 of Statement 7 indicates that debt issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs (net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing, legal, administrative, and trustee expenses). Debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. Prepaid insurance costs should be reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

I. Net Position

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020
(with December 31, 2019 summarized comparative information)

J. Comparative Data/Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. All prior period adjustments recorded in the current period have been reflected in prior period data presented wherever possible.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the district, which are either unusual in nature or infrequent in occurrence.

L. Estimates

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

2. Cash and Cash Equivalents

At December 31, 2020, the District has cash and cash equivalents (book balances) as follows:

Interest-Bearing Demand Deposits	\$ 2,861,659
Louisiana Asset Management Pool (LAMP)	<u>3,446,570</u>
	<u>\$ 6,308,229</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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. Even though the pledged securities may be considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial risk. At December 31, 2020, the District has \$2,042,159 in deposits (collected bank balances) other than LAMP. These deposits were in a

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020
(with December 31, 2019 summarized comparative information)

single financial institution with cash deposits secured by \$250,000 of federal deposit insurance and an excess of pledged securities held by the custodial bank pledged to the District's account (GASB Category 2) to cover the remaining deposits of \$1,792,159. The \$1,792,159 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

The District, at December 31, 2020, also recorded deposits related to the issuance and related construction costs of Tangipahoa Water District Revenue Bonds. These deposits totaled \$931,857 which were for the Series 2016 Revenue Bonds issued at \$3,180,000 on October 27, 2016. Under the terms of the agreement with Whitney Bank, the bank maintains control of the construction funds and disburses funds at the District's request. All funds are fully collateralized by the Trust Department of the respective bank.

At December 31, 2020, the District had \$3,446,570 in deposits in LAMP. The District designated \$2,396,827 of LAMP deposits for future construction costs and \$1,049,459 for future operations. The remaining \$284 of LAMP is not designated.

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

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

1. Credit risk: LAMP is rated AAAM by Standard and Poor's.
2. Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments, as provided by LAMP, is 47 days as of December 31, 2020.
5. Foreign currency risk: Not applicable.

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Notes to the Financial Statements
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The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company. If you have any questions, please feel free to contact the LAMP administrative office at (800) 249-5267.

3. Receivables

The following is a summary of receivables at December 31, 2020 and 2019:

	Year Ended December 31, 2020	Year Ended December 31, 2019 (Restated)	Increase (Decrease)
Accounts Receivable			
Current	\$ 368,128	\$ 359,038	\$ 9,090
31-60 Days Past Due	70,281	77,498	(7,217)
61-90 Days Past Due	26,789	25,771	1,018
Over 90 Days Past Due	63,239	48,218	15,021
Subtotal	528,437	510,525	17,912
Allowance for Uncollectible Accounts	(100,126)	(100,514)	388
Sewer and Garbage Receivables	623,492	462,090	161,402
Net Accounts Receivable	\$ 1,051,803	\$ 872,101	\$ 179,702

The preceding table includes the aging of all receivables billed by the District. Presented first are only those receivables for Tangipahoa Water District billings. Presented below the totals for Tangipahoa Water District are receivables for which the District provides a billing service. Totals for these entities are included in the District's receivables totals, but separately within the above table, since the authority to write off past due amounts must be authorized by the billing clients. Tangipahoa Water District, per ordinances enacted by the Tangipahoa Parish Council, is obligated to provide billing services for Sewerage District No. 1 of Tangipahoa Parish, and also provides billing services for the City of Hammond.

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. The Board of Commissioners of Tangipahoa Water District established a monthly allowance for uncollectible accounts, and periodically the board reviews the aging of receivables and determines the actual amount uncollectible. Per board approval, uncollectible amounts are written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of uncollectibility. For the fiscal year ending December 31, 2020 the District had \$52,508 in bad debt expense.

Estimated unbilled receivables are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is based on billing during the month following the close of the fiscal year. Accrued billings at fiscal year-end totaled \$297,441.

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4. Restricted Assets

At December 31, 2020 and 2019, the District had restricted assets as follows:

	December 31, 2020	December 31, 2019
Restricted Assets		
Customer Deposits	\$ 683,154	\$ 562,648
Bond Sinking Account	591,434	855,431
Construction - Series 2016 Projects	935,772	1,512,314
Total Restricted Assets	\$ 2,210,360	\$ 2,930,393

5. Capital Assets

A summary of changes in capital assets during the fiscal year ending December 31, 2020 is as follows:

	Beginning Balance 12/31/19	Additions and Reclassifications	Deletions and Reclassifications	Ending Balance 12/31/20
Capital Assets				
Land	\$ 387,800	\$ -	\$ -	\$ 387,800
Building	779,308	-	-	779,308
Equipment	1,891,003	60,349	(749)	1,950,603
Furniture and Fixtures	18,402	-	-	18,402
Water Distribution System	61,562,968	929,082	(3,085)	62,488,965
Total Capital Assets in Service	64,639,481	989,431	(3,834)	65,625,078
Construction in Progress	169,173	786,219	-	955,392
Total Capital Assets	64,808,654	1,775,650	(3,834)	66,580,470
Less Accumulated Depreciation	(22,926,378)	(1,969,152)	3,731	(24,891,799)
Total Capital Assets, Net	\$ 41,882,276	\$ (193,502)	\$ (103)	\$ 41,688,671

The total increases during the fiscal year ending December 31, 2020, were \$1,771,816 before depreciation. A total of \$786,219 was recorded in construction costs during the fiscal year ending December 31, 2020. Construction in progress additions on the Series 2016 Project of \$485,606 and on the new water lines project of \$300,612.

Other additions included \$3,503 for the new computers, \$37,745 for seventeen new radios, \$49,184 for machinery and equipment, which included numerous communication and office equipment, \$10,795 for a generator platform, and \$888,203 for other system improvements.

Deletions included \$749 in machinery and equipment and \$3,085 in water system improvements for flowmeters. The total costs of the flowmeters were \$3,834 and had \$3,731 in accumulated depreciation. These items were broken and replaced during the fiscal year.

All assets are depreciated under the straight-line method. Depreciation expense for the fiscal year ending December 31, 2020, totaled \$1,969,152.

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6. Other Current Liabilities

At fiscal year-end, the District recorded the following short-term liabilities classified on the Statement of Net Position as "Other Accrued Payables":

	December 31, 2020	December 31, 2019
Other Accrued Payables:		
Due to Other Districts - Billing Fees and Services	\$ 237,861	\$ 203,563
Accrued Wages	12,650	47,145
Accrued Audit Fees	15,117	15,000
Accrued Compilation Fees	17,383	16,272
Other Accrued Payables	122,185	110,765
Total Other Accrued Payables	\$ 405,196	\$ 392,745

7. Compensated Absences

At December 31, 2020, employees of Tangipahoa Water District have accumulated and vested \$51,333 of employee leave benefits, consisting of accrued vacation leave computed in accordance with GASB Codification Section C60. This accrual represents the value of vacation leave benefits at fiscal year-end including the value of any leave accrual that must be taken by the employee within the employees' annual anniversary hire date. In addition, the District recorded \$12,650 in accrued wages at fiscal year-end.

8. Short-Term Debt

The District had no short-term debt at December 31, 2020.

9. Retirement Systems

On January 27, 1994, the Board of Commissioners of the Tangipahoa Water District adopted the *Louisiana Public Employees Deferred Compensation Plan* with the provision that Tangipahoa Water District, the employer, will match employee contributions, up to five percent of gross wages. The contribution by the employer will be re-established by the Board of Commissioners before the beginning of each fiscal year. Under the terms of the *Louisiana Public Employees Deferred Compensation Plan*, an employee may contribute up to a maximum of 25 percent of adjusted gross income, not to exceed \$8,000 per calendar year. A special "catch-up" provision may be used to save up to \$15,000 per year for the three years prior to retirement.

As reported by the State of Louisiana Deferred Compensation Program, for the fiscal year ending December 31, 2020, the aggregate account balance for employees of Tangipahoa Water District participating in the plan was \$1,187,462, as compared to \$1,139,658 for the fiscal year ending December 31, 2019. Employer contributions for the fiscal year ending December 31, 2020 totaled \$15,225, as compared to \$14,209 for the fiscal year ended December 31, 2019.

On April 12, 2014, the board of commissioners of the Tangipahoa Water District approved participation, effective July 1, 2014, in the Parochial Employee's Retirement System (PERS) of Louisiana. All, but

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four, employees elected to participate in the PERS program. For the four employees that still participate solely in the Deferred Compensation Program, the employee will continue to contribute to the plan and the employer will match employee contributions, up to five percent of gross wages. Other employees may continue to contribute to the plan per plan provisions, but a match is not made by the employer.

The District implemented Governmental Accounting Standards Board (GASB) Statement 68 on *Accounting and Financial Reporting for Pensions* and Statement 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB 68. These standards require the District to record its proportional share of each of the pension plans' net pension liability and report the following disclosures:

Plan Description: Parochial Employees' Retirement System of Louisiana is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute (LRS). The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elect to become members of the System.

Substantially all full-time employees of Tangipahoa Water District, except the four described above in the Deferred Compensation Program, are members of the Parochial Employees' Retirement System of Louisiana (System). The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All participating employees of the District are members of Plan A.

Eligibility Requirements:

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) 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. As of January 1997, elected officials, except coroners, justices of the peace and parish presidents may no longer join the Retirement System.

Retirement Benefits:

Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service
2. Age 62 with 10 years of service
3. 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.

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Survivor Benefits:

Upon the death of any member of Plan A with five (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.

DROP Benefits:

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for 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 the 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. For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest, based on money market rates of return, or at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits:

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007 and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan 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 for those members who are enrolled prior to January 1, 2017 and to age 62 for those members who are enrolled January 1, 2007 and later.

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

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increase up to 2.5% for retirees 62 and older. (RS 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.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding Policy. Contributions for all members are established by state statute. Under Plan A, members are required to contribute 9.5 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate, according to state statute. The current rate is 12.25 percent of annual covered payroll. Contributions to the System include one-fourth (1/4) of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. These tax dollars and revenue sharing are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. These additional sources of income are used as additional employer contributions and are considered support from non-contributing entities. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended December 31, 2019. During the year ending December 31, 2020, the District recognized revenue as a result of support received from non-employer contributing entities of \$10,675 for its participation in Parochial Employees' Retirement System of Louisiana-Plan A.

The Tangipahoa Water District contributions to the System under Plan A for the years ending December 31, 2020 and 2019 were \$111,471, and \$96,190 respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2020, the District reported a liability of \$6,210 for its proportionate share of the net pension asset of the System. The net pension asset was measured as of December 31, 2019 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At December 31, 2019, the District's proportion was 0.131914%, which was a decrease of 0.003701% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized pension expense for the Parochial Employees' Retirement System of \$121,280 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

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At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the Parochial Employees' Retirement System from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (55,591)
Changes of Assumptions	86,727	-
Net difference between projected and actual earnings on pension plan investments	-	(232,775)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	4,429	(4,186)
Employer contributions subsequent to the measurement date	111,471	
Total	<u>\$ 202,627</u>	<u>\$ (292,552)</u>

The District reported a total of \$111,471 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of December 31, 2019 which will be recognized as a reduction in net pension liability in the year ended December 31, 2021.

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

<u>Year</u>	
2020	\$ (43,833)
2021	\$ (57,496)
2022	\$ 5,173
2023	<u>\$ (104,820)</u>
	<u>\$ (200,976)</u>

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension asset as of December 31, 2019 is as follows:

Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.50%, net of investment expense, including inflation
Expected Remaining Service Lives	4 years
Projected Salary Increases	4.75%
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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Mortality	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 103% 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.
Inflation Rate	2.40%

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

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

Best estimates of real rates of return for each major asset class included in Parochial Employees' Retirement System 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%

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The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For disabled annuitants, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension asset of the participating employers calculated using the discount rate of 6.50%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of December 31, 2019:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	5.50%	6.50%	7.50%
Tangipahoa Water District Share of NPL	\$ 671,164	\$ (6,210)	\$ (551,009)

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10. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2020:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Long-Term Debt					
Water Revenue Refund Bonds, Series 2011 A	\$ 3,035,000	\$ -	\$ (2,825,000)	\$ 210,000	\$ 210,000
Water Revenue Refund Bonds, Series 2011 B	1,885,000	-	(1,785,000)	100,000	100,000
Water Revenue Refund Bonds, Series 2011 C	5,365,000	-	(5,365,000)	-	-
Water Revenue Bonds, Series 2013	5,395,000	-	(4,955,000)	440,000	145,000
Water Revenue Bonds, Series 2014 A	3,875,000	-	(225,000)	3,650,000	230,000
Water Revenue Bonds, Series 2014 B	4,435,000	-	(4,435,000)	-	-
Water Revenue Bonds, Series 2016	2,970,000	-	(75,000)	2,895,000	75,000
Water Revenue Bonds, Series 2017	5,980,000	-	(125,000)	5,855,000	130,000
Water Revenue Refunding Bonds, Series 2020	-	20,825,000	(60,000)	20,765,000	300,000
Total Bonds	<u>32,940,000</u>	<u>20,825,000</u>	<u>(19,850,000)</u>	<u>33,915,000</u>	<u>1,190,000</u>
Less: Unamortized Discount (Premium)	125,841	-	(147,499)	(21,658)	(8,023)
Total Long Term Debt	<u>\$ 33,065,841</u>	<u>\$ 20,825,000</u>	<u>\$ (19,997,499)</u>	<u>\$ 33,893,342</u>	<u>\$ 1,181,977</u>

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Bonds Payable as of December 31, 2020 is as follows:

			<u>Bonds Payable</u> <u>End of Year</u>	<u>Due Within One</u> <u>Year</u>
Water System Revenue Refund Bonds	\$ 4,515,000			
Series 2011A Refunding bonds sold to private lender, Dated 11/10/2011				
due in semi-annual installments of principal and interest averaging \$ 322,990				
through 11/1/2031 interest at ranges from 2.00% to 4.00%			\$ 210,000	\$ 210,000
Water System Revenue Refund Bonds	\$ 2,595,000			
Series 2011B Refunding bonds sold to private lender, Dated 11/10/2011				
due in semi-annual installments of principal and interest averaging \$ 178,408				
through 11/1/2034 interest at ranges from 2.00% to 4.125%			100,000	100,000
Water System Revenue Refund Bonds	\$ 5,365,000			
Series 2011C Refunding bonds sold to private lender, Dated 11/10/2011				
due in semi-annual installments of interest averaging \$238,731				
through 5/1/2032 interest at ranges from 4.125% to 4.625%, then				
due in semi-annual installments of interest and principal averaging \$ 1,349,448			-	-
through 11/1/2041				
Water System Revenue Bonds	\$ 6,145,000			
Series 2013 Revenue bonds sold to private lender, Dated 11/6/2013				
due in semi-annual installments of principal and interest averaging \$ 379,604				
through 12/31/2043 interest at ranges from 2.00% to 4.75%			440,000	145,000
Water System Revenue Bonds	\$ 4,030,000			
Series 2014A Revenue bonds sold to private lender, Dated 12/16/2014				
due in semi-annual installments of principal and interest averaging \$ 143,282				
through 12/31/2035 interest at ranges from 1.75% to 4.00%			3,650,000	230,000
Water System Revenue Bonds	\$ 5,000,000			
Series 2014B Revenue bonds sold to private lender, Dated 12/16/2014				
due in semi-annual installments of principal and interest averaging \$ 138,064				
through 12/1/2043 interest at ranges from 2.00% to 4.00%			-	-
Water System Revenue Bonds	\$ 3,180,000			
Series 2016 Revenue bonds sold to private lender, Dated 10/26/2016				
due in semi-annual installments of principal and interest averaging \$ 169,442				
through 12/15/2046 interest at ranges from 1.50% to 3.625%			2,895,000	75,000
Water Revenue Refunding Bonds	\$ 6,235,000			
Series 2017 Revenue bonds sold to private lender, Dated 2/22/2017				
due in semi-annual installments of principal and interest averaging \$ 177,226				
through 4/1/2047 interest at ranges from 1.00% to 4.00%			5,855,000	130,000
Water Revenue Refunding Bonds	\$ 20,825,000			
Series 2020 Revenue bonds sold to private lender, Dated 6/25/2020				
due in semi-annual installments of principal and interest averaging \$ 177,226				
through 12/1/2044 interest at ranges from 0.95% to 3.375%			20,765,000	300,000
			<u>\$ 33,915,000</u>	<u>\$ 1,190,000</u>

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On November 10, 2011, Tangipahoa Parish Water District issued Water Revenue & Revenue Refunding Bonds, Series 2011, in the amount of \$12,475,000. The Series 2011 bonds consisted of three individual issues – Series 2011A in the amount of \$4,515,000, Series 2011B in the amount of \$2,595,000, and Series 2011C in the amount of \$5,365,000. Series 2011A and Series 2011B were issued to refund existing bond issues. The Series 2011A & Series 2011B bonds are accounted for as “current refundings” since the refunding issues immediately resulted in defeasance of water revenue bonds. Series 2011C was issued to fund construction improvements. The District also provided additional funds to refund prior debt issues.

The Series 2011A Bonds provided funds for the purpose of...“providing sufficient funds to current refund the outstanding principal amounts of the a) Water Revenue Bond Series 2001, dated November 8, 2001, issued in the original principal amount of \$1,490,000 (the “Series 2001 Bond”), and b) Water Revenue Bonds, Series 2002, dated November 8, 2001, issued in the original principal amount of \$3,820,000 (the “Series 2002 Bond”)”. Proceeds of the bond issue, in combination with funds provided by the District and the Series 2011B and Series 2011C issues, were also used for purchasing a portion of a reserve fund surety policy, and for paying the costs of issuance of the Series 2011A Bonds.

The Series 2011B Bonds were delivered for the purpose of...“providing sufficient funds to current refund the outstanding principal amounts of the a) Water Revenue Bond, Series 1999, dated June 10, 1999, issued in the original principal amount of \$2,900,000 (the “Series 1999 Bond”), and Water Revenue Bond, Series 1999A, dated June 10, 1999, issued in the original principal amount of \$300,000 (the “Series 1999A Bond”)”.

The Series 2011 C Bonds were issued in the amount of \$5,365,000 to fund construction projects, bond issuance costs, and a portion of the reserve fund surety policy.

The 2011 Reserve Fund, established for the benefit of holders of the Series 2011 bonds, is funded with the purchase of the Surety Bond, and is to be held and maintained by the Paying Agent. The 2011 Reserve Fund shall be retained solely for the purpose of paying the principal and interest on the Series 2011 Bonds payable from the Sinking Fund to which there would be default. If a disbursement is made under a surety bond deposited in the 2011 Reserve Fund, the Issuer shall be obligated to reinstate the maximum limits of such surety bond immediately following such disbursement as required by the terms of the surety bond.

On November 6, 2013 the District issued \$6,145,000 of Water Revenue Bonds, Series 2013. These bonds provide funding for water system improvements beginning in fiscal year 2014, and provide funding to finalize current construction projects of the District. The bonds are due in semi-annual installments of interest and annual installments of principal with interest rates ranging from 2.0% (with the first installment of interest due on May 1, 2014) to an interest rate of 4.75%, with the final installment of interest and principal due on November 1, 2042. These bonds are secured by the Net Revenues of the District and are issued in parity with existing bonds.

On December 16, 2014, the District issued Water Revenue Refunding Bonds, Series 2014A, in the amount of \$4,030,000. This refunding issue provided for partial refunding of the Series 2006 Water Revenue Refunding Bonds, originally issued August 16, 2006, in the amount of \$5,630,000. At the time of closing, the Series 2014A refunded \$3,670,000 of the Series 2006 Refunding Issue, leaving a principal balance of \$855,000. The remaining principal and interest payments of the Series 2014A bonds are due in semi-annual principal and interest installments ranging from 1.75% to 4.0% beginning December 16,

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2014 through December 31, 2035. The remaining \$855,000 Series 2006 Bonds are due in semi-annual principal and interest installments from June 15, 2015, through December 15, 2019.

On December 16, 2014, the District also issued Water Revenue Bonds, Series 2014B, in the amount of \$5,000,000. This issue provided funds for water system improvements. The remaining principal and interest payments of the Series 2014A bonds are due in semi-annual principal and interest installments ranging from 1.75% to 4.0% beginning June 1, 2015 through December 1, 2044.

On October 26, 2016 the District issued Water Revenue Bonds, Series 2016 Bonds in the amount of \$3,180,000, providing funding for water system improvements. The Series are due in semi-annual principal and interest installments ranging from 1.5% to 3.625% from June 15, 2017 through December 15, 2046. As part of the 2016 bond issuance, the District recorded a total of \$123,697 in bond issuance costs, plus a total of \$16,243 in bond insurance costs and bond discount of \$40,061 to be amortized over the remaining term on the Series 2016 bond issue.

On February 22, 2017, the District issued Water Revenue Refunding Bonds, Series 2017 in the amount of \$6,235,000. This refunding issue provided for refunding of the Series 2007 Water Revenue Refunding Bonds, originally issued September 18, 2006, in the amount of \$6,880,000. The Series are due in semi-annual principal and interest installments ranging from 1.00% to 4.00% from April 1, 2017 through April 1, 2047. The bond proceeds plus \$85,081 of 2007 Debt Service Funds were used to purchase US government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the April 1, 2017 debt service payment on the Series 2007 Water Revenue Bond. This bond will be called on April 1, 2017 at a price equal to the principal amount thereof plus accrued interest to the call date. As a result, the Series 2007 Water Revenue Bonds were considered in-substance defeased and the liability for the bond was removed from the District's books at December 31, 2017. As part of the 2017 bond issuance, the District recorded a total of \$222,420 in bond issuance costs, plus a bond premium of \$56,463 to be amortized over the remaining term on the Series 2017 bond issue. The District reported \$123,592 in deferred outflows of resources at December 31, 2017 related to the difference between the reacquisition price and the net carrying amount of the old debt for advance refunding resulting in defeasance of debt during the current year.

On June 25, 2020, the District issued Water Revenue Refunding Bonds, Series 2020 in the amount of \$20,825,000. This refunding issue provided for partial refunding of the Series 2011A Water Revenue Refunding Bonds, originally issued November 10, 2011, in the amount of \$4,515,000; partial refunding of the Series 2011B Water Revenue Refunding Bonds, originally issued November 10, 2011, in the amount of \$2,595,000; refunding of Series 2011C Water Revenue Refunding Bonds, originally issued November 10, 2011, in the amount of \$5,365,000; partial refunding of the Series 2013 Water Revenue Bonds, originally issued November 6, 2013, in the amount of \$6,145,000; refunding of Series 2014B Water Revenue Refunding Bonds, originally issued December 16, 2014, in the amount of \$5,000,000. The Series are due in semi-annual principal and interest installments ranging from 0.95% to 3.375% from December 1, 2020 through December 1, 2044. The bond proceeds plus \$53,079 of Refunded Debt Service Funds were used to purchase US government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the December 1, 2020 debt service payment on the refunded bonds listed above. The Series 2011A, Series 2011B, and Series 2011C will be called on November 1, 2021 at a price equal to the principal amount thereof plus accrued interest to the call date. The Series 2013 will be called on November 1, 2023 at a price equal to the principal amount thereof plus accrued interest to the call date. The Series 2014B was called on December 1, 2020 at a price equal to the principal amount thereof plus accrued interest to the call date. As a result, bonds listed were considered in-

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020
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substance defeased and the liability for the bond was removed from the District's books at December 31, 2020. As part of the 2020 bond issuance, the District recorded a total of \$467,819 in bond issuance costs, plus a bond discount of \$104,663 to be amortized over the remaining term on the Series 2020 bond issue. The District reported \$1,497,428 in deferred outflows of resources at December 31, 2020 related to the difference between the reacquisition price and the net carrying amount of the old debt for advance refunding resulting in defeasance of debt during the current year.

A recap of the net present value benefits and cash savings for the Water Revenue Refunding Bonds, Series 2020 is presented below:

PV Analysis Summary (Gross to Gross) for Water Revenue Refunding Bonds, Series 2020

Gross PV Debt Service Savings	\$ 1,008,178
Transfers from Prior Issue Debt Service Fund	<u>(53,079)</u>
Net Present Value Benefit	<u>\$ 955,099</u>
Net PV Benefit/\$18,800,000 Refunded Principal	5.080%
Net PV Benefit/\$20,825,000 Refunded Principal	4.586%

Tangipahoa Water District
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The annual requirements to amortize all debt outstanding as of December 31, 2020, including interest payments of \$14,136,618 are as follows:

Year Ending December 31	Series 2011 A Water Revenue Refunding Bonds			Series 2011 B Water Revenue Refunding Bonds			Series 2011 C Water Revenue Refunding Bonds		
	\$ 4,515,000			\$ 2,595,000			\$ 5,365,000		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 210,000	\$ 6,300	\$ 216,300	\$ 100,000	\$ 3,000	\$ 103,000	\$ -	\$ -	\$ -
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026 to 2030	-	-	-	-	-	-	-	-	-
2031 to 2035	-	-	-	-	-	-	-	-	-
2036 to 2040	-	-	-	-	-	-	-	-	-
2041 to 2045	-	-	-	-	-	-	-	-	-
2046 to 2050	-	-	-	-	-	-	-	-	-
	<u>\$ 210,000</u>	<u>\$ 6,300</u>	<u>\$ 216,300</u>	<u>\$ 100,000</u>	<u>\$ 3,000</u>	<u>\$ 103,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Year Ending December 31	Series 2013 Water Revenue Bonds			Series 2014 A Water Revenue Bonds			Series 2014 B Water Revenue Bonds			Series 2016 Water Revenue Bonds		
	\$ 6,145,000			\$ 4,030,000			\$ 5,000,000			\$ 3,180,000		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 145,000	\$ 13,200	\$ 158,200	\$ 230,000	\$ 118,368	\$ 348,368	\$ -	\$ -	\$ -	\$ 75,000	\$ 92,975	\$ 167,975
2022	145,000	8,850	153,850	240,000	111,468	351,468	-	-	-	80,000	91,850	171,850
2023	150,000	4,500	154,500	240,000	104,268	344,268	-	-	-	80,000	89,850	169,850
2024	-	-	-	250,000	98,388	348,388	-	-	-	80,000	87,850	167,850
2025	-	-	-	255,000	90,868	345,868	-	-	-	85,000	85,850	170,850
2026 to 2030	-	-	-	1,405,000	332,613	1,737,613	-	-	-	455,000	393,775	848,775
2031 to 2035	-	-	-	1,030,000	100,113	1,130,113	-	-	-	525,000	320,350	845,350
2036 to 2040	-	-	-	-	-	-	-	-	-	620,000	227,588	847,588
2041 to 2045	-	-	-	-	-	-	-	-	-	730,000	111,300	841,300
2046 to 2050	-	-	-	-	-	-	-	-	-	165,000	5,981	170,981
	<u>\$ 440,000</u>	<u>\$ 26,550</u>	<u>\$ 466,550</u>	<u>\$ 3,650,000</u>	<u>\$ 956,086</u>	<u>\$ 4,606,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,895,000</u>	<u>\$ 1,507,369</u>	<u>\$ 4,402,369</u>

Year Ending December 31	Series 2017 Water Revenue Bonds			Series 2020 Water Revenue Refunding Bonds			Total		
	\$ 6,235,000			\$ 20,825,000					
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	
2021	\$ 130,000	\$ 220,938	\$ 350,938	\$ 300,000	\$ 551,829	\$ 851,829	\$ 1,190,000	\$ 1,006,610	\$ 2,196,610
2022	130,000	217,038	347,038	625,000	548,919	1,173,919	1,220,000	978,125	2,198,125
2023	135,000	213,063	348,063	635,000	542,169	1,177,169	1,240,000	953,850	2,193,850
2024	140,000	208,938	348,938	800,000	533,787	1,333,787	1,270,000	928,963	2,198,963
2025	145,000	203,938	348,938	810,000	521,467	1,331,467	1,295,000	902,123	2,197,123
2026 to 2030	835,000	924,288	1,759,288	4,290,000	2,358,360	6,648,360	6,985,000	4,009,036	10,994,036
2031 to 2035	1,010,000	742,900	1,752,900	4,895,000	1,802,290	6,697,290	7,460,000	2,965,653	10,425,653
2036 to 2040	1,205,000	534,469	1,739,469	5,700,000	1,024,763	6,724,763	7,525,000	1,786,820	9,311,820
2041 to 2045	1,460,000	282,213	1,742,213	2,710,000	179,044	2,889,044	4,900,000	572,557	5,472,557
2046 to 2050	665,000	26,900	691,900	-	-	-	830,000	32,881	862,881
	<u>\$ 5,855,000</u>	<u>\$ 3,574,685</u>	<u>\$ 9,429,685</u>	<u>\$ 20,765,000</u>	<u>\$ 8,062,628</u>	<u>\$ 28,827,628</u>	<u>\$ 33,915,000</u>	<u>\$ 14,136,618</u>	<u>\$ 48,051,618</u>

Tangipahoa Water District
Notes to the Financial Statements
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11. Flow of Funds, Restrictions on Use

With the issuance of the Series 2011 bonds on November 10, 2011, all *Rural Utilities Service (RUS)* bonds were refunded. The Series 2011 bond issue (Series 2011A, Series 2011B, and Series 2011C) were issued in parity with the Water Revenue and Refunding Bonds, Series 2006, and the Construction Revenue and Refunding Bonds, Series 2007, and rank equally with and shall enjoy complete parity of lien with the outstanding parity bonds on the Net Revenues and the other funds established and maintained in connection with the outstanding parity bonds, other than the Reserve Fund created by the parity bond resolutions.

The Series 2013 Water Revenue Bonds, issued November 6, 2013, were issued in parity with the existing bonds of the District. With the issuance of the 2013 Water Revenue Bonds, bank accounts were created to record the bond proceeds, issuance costs, and to record funds for construction. During 2014, there were two new bond issuances in parity with existing bonds of the District, the Series 2014A Water Revenue Refunding Bonds dated December 16, 2014, and the Series 2014B Water Revenue Bonds dated December 16, 2014. During 2016, the Series 2016 Water Revenue Bonds were issued in parity with existing bond issuances of the District. During 2020, the Series 2020 Water Revenue Refunding Bonds were also issued in parity with existing bond issuances of the District. Provisions of bond covenants relating to establishment of Reserve Fund, Debt Service Sinking Fund, and relating to pledge of Net Revenues are continued, with any variations noted in the following paragraphs.

The Reserve Funds, established for the benefit of holders of the outstanding parity bonds, are funded with the purchase of Surety Bonds, which are to be held and maintained by the Paying Agent. The Reserve Funds shall be retained solely for the purpose of paying the principal and interest on the outstanding bonds payable from the Sinking Funds to which there would be default. If a disbursement is made under a surety bond deposited in the Reserve Funds, the Issuer shall be obligated to reinstate the maximum limits of such surety bond immediately following such disbursement as required by the terms of the surety bond. At fiscal year-end, disbursements were not required from the Reserve Funds. Total interest expense from all water revenue bonds equaled \$1,074,280 for the year ending December 31, 2020. The gross water revenue recognized during the current period was \$7,936,065.

Each of the parity bonds require creation of a Waterworks Bond Debt Service Account (the "Sinking Fund") sufficient in amount to pay promptly and fully the principal of and the interest on the bonds by transferring from the Revenue Fund to the fiscal agent of the Issuer, monthly in advance, sums as may be required for monthly installments to service and pay future debt installments. The Series 2011 Bonds, the Series 2014A and Series 2014B bonds, and the Series 2016 Bonds require deposit by the 5th day of each month a sum equal to 1/6 of the interest falling due on the next interest payment date and 1/12 of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as they become due. The Series 2013, Series 2017, and Series 2020 bonds require the same proportionate deposit of interest and principal payments, but require deposit by the 25th of each month. At December 31, 2020, the Sinking Funds of the District totaled \$591,434, and exceeded the required deposits at fiscal year-end.

The Issuer also covenants to fix, establish, maintain, and collect such rates, fees, rents, or other charges for the services and facilities of the system, and all parts thereof, and to revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to pay the reasonable and necessary expenses of operating and maintaining the system in each fiscal year, and as will provide "Net Revenues" at least equal to 120% of the principal and interest falling due in such year on all bonds

Tangipahoa Water District
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or other obligations payable from the system and as will provide revenues at least sufficient to pay all reserve or sinking funds or other payments required for such fiscal year. "Net Revenue", per the applicable bond provisions, means the revenues, after provision has been made for the payment therefrom of the reasonable and necessary expenses of maintaining and operating the system. For the fiscal year ending December 31, 2020, the District maintained a ratio of "Net Revenues" to debt principal and interest obligations that exceeded the required ratio of 120%.

12. Operating Lease

On May 8, 2020, the District signed an agreement with Enterprise Fleet Management for the leasing of trucks. The non-cancelable minimum lease term for each of the Scheduled Vehicles is 12 months. Thereafter, the lease term may be renewed monthly for the lesser of the maximum lease term of 60 months or the amortization term set. The total lease expense for the year ended December 31, 2020 was \$13,823.

13. Restricted and Designated Net Position

At December 31, 2020, Tangipahoa Water District recorded a zero balance in Restricted Net Position (Restricted for Capital Activity and Debt Service), representing the District's funds restricted by revenue bond debt covenants, contracts with customers for meter deposits, and the unspent portion of capital debt related to amounts restricted for capital projects less liabilities related to these restricted funds. A liability relates to restricted assets if the asset results from incurring the liability or if the liability will be liquidated with the restricted assets. For the District, the liabilities for meter deposits exceeded the cash held as restricted by \$49,078, because the district utilized a portion of the assets to upgrade a portion of existing meters to digital water meters, which is a permissible use of the resources under law. In accordance with provisions of GASB Statement No. 34, as amended, a category of restricted net position cannot be negative. If the liabilities relating to the restricted assets are greater than those assets, then no balance should be reported as restricted net position. The negative amount is reported as a reduction of unrestricted net position.

14. Litigation and Claims

There is no outstanding litigation at December 31, 2020.

15. Construction Commitments

During the fiscal year ending December 31, 2020, the District entered into a contract with Spangler Engineering for \$179,792 for Contract A-Water Well of the Series 2016 project. The District has incurred \$120,082 in costs related to Contract A. There is approximately \$59,710 remaining in contracts related to Contract A.

During the fiscal year ending December 31, 2020, the District entered into a contract with Griner Drilling for \$1,787,200 for the construction of Contract A-Water Well of the Series 2016 project. The District has incurred \$330,000 in costs related to the construction of Contract A. There is approximately \$1,457,200 remaining in construction related to Contract A.

During the fiscal year ending December 31, 2020, the District also entered into a contract with Spangler Engineering for \$162,551 for Contract B-Elevated Tank of the Series 2016 project. The District has

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020
(with December 31, 2019 summarized comparative information)

incurred \$96,178 in costs related to Contract B. There is approximately \$66,373 remaining in contracts related to Contract B.

During the fiscal year ending December 31, 2020, the District entered into a contract with Phoenix Fabricators for \$1,514,922 for the construction of Contract B-Elevated Tank of the Series 2016 project. The District has incurred \$60,000 in costs related to the construction of Contract B. There is approximately \$1,454,922 remaining in construction related to Contract B.

During the fiscal year ending December 31, 2020, the District also entered into a contract with Spangler Engineering for \$44,839 for the new water lines project. The District has incurred \$40,740 in costs related to this project. There is approximately \$4,099 remaining in contracts related to the new water lines project.

During the fiscal year ending December 31, 2020, the District also entered into a contract with Greenbriar Digging Service for \$324,920 for construction of the new water lines project. The District has incurred \$276,834 in costs related to the construction of this project. There is approximately \$48,086 remaining in construction related to the new water lines project.

16. COVID-19 Pandemic

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic and this pandemic has resulted in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders, and quarantining of people that may have been exposed to the virus.

COVID-19 and actions taken to mitigate it had and are expected to continue to have adverse effects on the economy. As the COVID-19 pandemic is complex and rapidly evolving, we cannot reasonably estimate the duration or severity of this pandemic nor its full impact on the entity, its financial position, change in financial position, or cash flows.

17. Prior Period Adjustments

At December 31, 2020, the District had a prior period adjustment related to the write-off of sewer accounts. These accounts were presented to the Sewer District to determine the collectability of these accounts. The Sewer District approved the write-off of these accounts.

	2020	2019
Beginning Net Position Before Prior Period Adjustments	\$ 14,024,564	12,790,567
Write-off of old sewer accounts	(27,600)	(31,362)
Beginning Net Position After Prior Period Adjustments	\$ 13,996,964	12,759,205

Tangipahoa Water District
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020
(with December 31, 2019 summarized comparative information)

18. Subsequent Events

Subsequent events have been evaluated by management through September 30, 2021, the date the financial statements were available to be issued and these financial statements considered subsequent events through such date. Other than noted below, no events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2020.

On July 19, 2021, the District approved a resolution to proceed with the issuance of water revenue bonds not to exceed \$11,550,000.

Required Supplementary Information
(Part II)

Tangipahoa Water District
Schedule of the District's Proportionate Share of the Net Pension Liability (Asset)
Last 10 Fiscal Years

Parochial Employees' Retirement System of Louisiana (Plan A)

	Employer's Proportion of the Net Pension Liability (Assets)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.112900%	\$ 30,868	\$ 294,811	10.4704%	99.1464%
2016	0.111531%	\$ 293,582	\$ 639,473	45.9100%	92.2301%
2017	0.121462%	\$ 250,153	\$ 720,339	34.7271%	94.1489%
2018	0.123882%	\$ (91,951)	\$ 762,505	-12.0591%	1.0198%
2019	0.135615%	\$ 601,908	\$ 833,700	72.1972%	88.8618%
2020	0.131914%	\$ 6,210	\$ 836,434	0.7424%	99.8851%

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

See independent auditor's report.

**Tangipahoa Water District
Schedule of the District's Contributions
For the Year Ended December 31, 2020**

Parochial Employees' Retirement System of Louisiana (Plan A)

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 92,724	\$ 92,724	\$ -	\$ 639,473	14.5001%
2016	93,644	93,644	-	720,339	13.0000%
2017	95,314	95,314	-	762,505	12.5001%
2018	95,876	95,876	-	833,700	11.5001%
2019	96,190	96,190	-	836,434	11.5000%
2020	111,471	111,471	-	909,969	12.2500%

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

See independent auditor's report.

Other Supplementary Information

Tangipahoa Water District
Schedule of Revenues, Expenses, and Changes in Net Position-Budget (GAAP Basis) and Actual
For the year ended December 31, 2020
(With comparative amounts for the fiscal year ended December 31, 2019)

	2020 Budget	2020 Actual	Variance Favorable (Unfavorable)	2019 Actual (Restated)
Operating Revenues				
Water Sales	\$ 7,041,793	\$ 7,074,694	\$ 32,901	\$ 6,826,186
Tap-In and Service Charges	458,669	452,949	(5,720)	457,715
Reconnect Charges	68,730	72,425	3,695	85,005
Penalty Charges	251,942	253,421	1,479	221,110
Billing Fees	82,271	82,576	305	78,302
Intergovernmental	-	10,675	10,675	10,363
Other	15,589	12,991	(2,598)	12,602
Total Operating Revenues	<u>7,918,994</u>	<u>7,959,731</u>	<u>40,737</u>	<u>7,691,283</u>
Operating Expenses				
Amortization	1,222	1,223	(1)	16,450
Bad Debts	52,508	52,508	-	78,745
Billing Costs	130,005	140,716	(10,711)	131,987
Chlorination	430,396	446,667	(16,271)	390,592
Computer Expense	41,497	56,132	(14,635)	21,548
Depreciation	1,973,459	1,969,152	4,307	1,950,190
Director's Expense	24,300	24,450	(150)	27,900
Employee Expense	6,930	7,188	(258)	6,078
Insurance - Hospitalization	300,432	298,402	2,030	295,569
Insurance - Business	142,906	141,189	1,717	137,900
Office Expenses	50,375	49,903	472	56,459
Other	49,917	49,478	439	92,163
Payroll Taxes	32,219	32,981	(762)	30,005
Professional Fees	65,560	62,295	3,265	61,603
Repairs and Maintenance	210,319	208,456	1,863	229,528
Salaries and Wages	1,156,002	1,157,732	(1,730)	1,088,741
Retirement Benefits	122,884	136,505	(13,621)	250,355
Telephone	61,139	60,053	1,086	71,472
Utilities	268,193	271,164	(2,971)	271,301
Vehicle Expenses	120,687	118,393	2,294	112,625
Water Well Maintenance and Supplies	78,611	72,070	6,541	82,418
Total Operating Expenses	<u>5,319,561</u>	<u>5,356,657</u>	<u>(37,096)</u>	<u>5,403,629</u>
Operating Income (Loss)	<u>2,599,433</u>	<u>2,603,074</u>	<u>3,641</u>	<u>2,287,654</u>
Nonoperating Revenues (Expenses)				
Realized Gain (Loss) on Sale of Capital Assets	-	-	-	15,524
Bond Issuance Costs Incurred	(467,819)	(467,819)	-	-
Interest Income	30,374	26,162	(4,212)	86,428
Interest Expense	(1,157,067)	(1,074,280)	82,787	(1,308,230)
Donations	-	-	-	78,000
Insurance Reimbursements	686	686	-	227
Other Income	17,905	15,999	(1,906)	78,156
Other Expense	(6,000)	(6,103)	(103)	-
Total Nonoperating Revenues (Expenses)	<u>(1,581,921)</u>	<u>(1,505,355)</u>	<u>76,566</u>	<u>(1,049,895)</u>
Income (Loss) Before Contributions and Transfers	<u>1,017,512</u>	<u>1,097,719</u>	<u>80,207</u>	<u>1,237,759</u>
Contributions and Transfers				
Operating Transfers In from Tangipahoa Parish Council	-	-	-	-
Change in Net Position	<u>1,017,512</u>	<u>1,097,719</u>	<u>80,207</u>	<u>1,237,759</u>
Total Net Position, Beginning	14,024,564	14,024,564	-	12,790,567
Prior Period Adjustments (Note 17)	(27,600)	(27,600)	-	(31,362)
Total Adjusted Net Position, Beginning	<u>13,996,964</u>	<u>13,996,964</u>	<u>-</u>	<u>12,759,205</u>
Total Net Position, Ending	<u>\$ 15,014,476</u>	<u>\$ 15,094,683</u>	<u>\$ 80,207</u>	<u>\$ 13,996,964</u>

See independent auditor's report.

Tangipahoa Water District
Schedule of Insurance
For the year ended December 31, 2020

Insurance Company / Policy Number	Coverage	Amount	Period
The Charter Oak Fire Insurance Pol. # ZLP-14R32703	Commercial Liability Coverages:		5/1/2020 to 5/1/2021
	General Liability Limit Aggregate	\$ 2,000,000	
	Products Complete Operations Aggregate	2,000,000	
	Personal & Advertising Injury Limit	1,000,000	
	Each Occurrence, Including Failure to Supply	1,000,000	
	Public Entity Management (\$5,000 deductible)	1,000,000	
	Fire Damage	100,000	
	Employment Related Practices Liability (\$25,000 deductible)	1,000,000	
Wright National Flood Insurance Policy # 17115200072300	Flood Insurance Coverages:		10/22/2020 to 10/22/2021
	Building Basic Limit	100,000	
	Content Basic Limit	25,000	
The Travelers Indemnity Company Policy # ZUP-14R32715	Commercial Excess Liability (Umbrella) (Retention Limit of \$10,000)	5,000,000	5/1/2020 to 5/1/2021
Travelers Property Casualty Company Pol. # 660-9738M496	Commercial Package Coverages:		5/1/2020 to 5/1/2021
	Blanket Property Coverage	6,420,000	
	Equipment Floater - Scheduled	314,075	
	Crime Insurance:		
	Employee Dishonesty (Blanket Fidelity Cov.)	500,000	
	Forgery or Alteration	35,000	
	Theft, Disappearance Inside	35,000	
	Theft, Disappearance Outside	35,000	
	Computer Fraud	35,000	
The Travelers Indemnity Company Pol. # 810-3031P077	Commercial Auto:		5/1/2020 to 5/1/2021
	Commercial Auto Liability Limit (Combined single limit)	1,000,000	
	Comprehensive & Collision - \$1,000 Deductible	As Scheduled	
LUBA Casualty Insurance Company Pol. # 28000016758120	Workers Compensation:		5/1/2020 to 5/1/2021
	Part One - at Statutory Limits		
	Part Two - Employers Liability		
	Statutory Louisiana Limits	Included	
	Employers Liability (Each Accident)	500,000	
	Disease Policy Limit	500,000	
	Disease Each Employee	500,000	

See independent auditor's report.

Schedule 5

Tangipahoa Water District
Schedule of Compensation Paid to Board Members
For the year ended December 31, 2020

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Per Diem</u>	<u>Term Expiration</u>
Bruce Bordelon, President (985) 507-2324	10698 Kellie Dr Hammond, LA 70401	\$ 3,600	March 2021
John S. Wilde, Vice-President (985) 969-1540	23353 Stepp Road Ponchatoula, LA 70454	3,600	March 2024
Jason Lipscomb, Secretary (985) 634-6434	41520 Rue Maison Ponchatoula, LA 70454	3,450	February 2024
Don Marshall, Treasurer (985) 467-9125	28463 Grasshopper Trail Ponchatoula, LA 70454	1,350	September 2024
Gary Kelly (985) 351-3845	15465 Hwy 442 Tickfaw, LA 70466	3,450	May 2024
Marlon Milton (985) 514-1899	71975 Hwy 1054 Kentwood, LA 70444	900	September 2024
Raymond Williams (985) 310-9992	317 Reed St Hammond, LA 70403	600	March 2025
Lawrence H. Byers, II (985) 351-5838	39693 Howes Lane Ponchatoula, LA 70454	3,450	July 2023
Devon Wells (985) 510-0922	601 Mooney Ave Hammond, LA 70403	1,500	Resigned May 2020
Guy Buckley, Jr. (985) 514-8720	14342 Hwy 38 Kentwood, LA 70444	2,550	Expired September 2020
Total Compensation Paid		\$ <u>24,450</u>	

See independent auditor's report.

Schedule 6

Tangipahoa Water District
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to
Agency Head
For the year ended December 31, 2020

Agency Head Name: Charles Schlicher, Manager

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 89,997
Benefits-Insurance	12,013
Benefits-Retirement	11,025
Employer Paid Medicare & Social Security	1,184
Registration Fees	300
Fuel Expense	1,251
Special Meals	96
Telephone	1,537
Miscellaneous	70
	\$ <u>117,473</u>

See independent auditor's report.

**Tangipahoa Water District
Schedule of Water Rates
For the year ended December 31, 2020**

Water	
Residential Rates	Commercial Rates
Metered	Meter
\$ 14.00 - First 3,000 Gallons	1" \$ 28.00 - First 10,000 Gallons
\$ 2.28 - Per 1,000 Gallons of Water over 3,000 Gallons	\$ 2.28 - Per 1,000 Gallons of Water over 10,000 Gallons
	1 1/2" \$ 48.00 - First 20,000 Gallons
	\$ 2.28 - Per 1,000 Gallons of Water over 20,000 Gallons
Apartments	2" \$ 68.00 - First 30,000 Gallons
Metered	\$ 2.28 - Per 1,000 Gallons of Water over 30,000 Gallons
\$ 14.00 - First 3,000 Gallons	3" \$ 88.00 - First 40,000 Gallons
\$ 2.28 - Per 1,000 Gallons of Water over 3,000 Gallons	\$ 2.28 - Per 1,000 Gallons of Water over 40,000 Gallons
Dairy Farms	4" \$ 108.00 - First 50,000 Gallons
\$ 48.00 - First 30,000 Gallons	\$ 2.28 - Per 1,000 Gallons of Water over 50,000 Gallons
\$ 1.55 - Per 1,000 Gallons of Water over 30,000 Gallons	
Schools	

Billed according to meter size.

See independent auditor's report.

Tangipahoa Water District
Schedule of Water Customers
For the years ended December 31, 2020 and 2019

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>Increase (Decrease)</u>
Customers			
Residential	21,139	20,186	953
Commercial	1,046	1,009	37
Apartments	223	224	(1)
Dairy Farms	1	1	-
Total Customers	<u>22,409</u>	<u>21,420</u>	<u>989</u>

See independent auditor's report.

**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 Governmental Auditing Standards**

CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

ADAM C. HEBERT, CPA

MEMBER

American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants



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A PROFESSIONAL ACCOUNTING CORPORATION

**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**

Board of Commissioners
Tangipahoa Water District
Tangipahoa Parish Council

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 Tangipahoa Water District, Natalbany, Louisiana, a component unit of the Tangipahoa Parish Council, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 30, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Year Audit Findings, Recommendations, and Responses as item 2020-01 that we consider to be a material weakness.

Compliance and Other Matters

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

Tangipahoa Water District's Response to Findings

Tangipahoa Water District's response to the findings identified in our audit is described in the accompanying Schedule of Current Year Audit Findings, Recommendations, and Responses. Tangipahoa Water District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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. This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, and the Rural Utilities Office. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Sincerely,

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation
Ponchatoula, Louisiana
September 30, 2021

Tangipahoa Water District
Schedule of Current Year Audit Findings, Recommendations and Responses
For the Year Ended December 31, 2020

We have audited the basic financial statements of Tangipahoa Water District as of and for the year ended December 31, 2020 and have issued our report thereon dated September 30, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2020 resulted in an unmodified opinion.

Section I Summary of Auditor's Report

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

Internal Control

Material Weakness, Yes Significant Deficiencies, No

Compliance

Compliance Material to Financial Statements, No

b. Federal Awards

Not applicable

Was management letter issued? No

Tangipahoa Water District
Schedule of Current Year Audit Findings, Recommendations and Responses
December 31, 2020

Internal Control

2020-01 Incorrect Sewer Rates

Criteria:

Sewer customers must be billed at a rate according to customer type such as residential or commercial according to an approved rate schedule.

Condition:

The Tangipahoa Parish Sewer District No. 1's management provided Tangipahoa Water District with an updated rate schedule for commercial customers. As part of our testing, we took a sample of 63 commercial customers and traced their billing rate to the approved rate schedule. We noted that 10 customers were not being billed according to the updated rate schedule.

Cause:

Cause is unknown.

Effect:

Some commercial sewer customers were being billed at an incorrect rate.

Recommendation:

We recommend the following:

- Tangipahoa Water District should review the billing rate schedule provided by the Tangipahoa Parish Sewer District No. 1 and update each commercial customer's rate according to the schedule.
- We also recommend permits received from the Sewer District specify the exact commercial rate code such as SC1, SC2, etc.

Management's Response:

The Tangipahoa Water District will review the schedule provided by the Tangipahoa Parish Sewer District No. 1 and ensure that each commercial customer's rate corresponds with the provided schedule. We also recommend Tangipahoa Parish Sewer District No. 1 specify the correct commercial rate when sending over the customer's permit. Responsible party is Charles Schlicher, Manager (985)345-6457.

Tangipahoa Water District
Schedule of Prior Year Audit Findings
December 31, 2020

2019-01 Numerous Closed Water Accounts with Small Credit and Debit Balances

Condition:

When testing the accounts receivables, we noted numerous closed accounts with small balances both credit and debit.

Recommendation:

- We recommend the District's internal accountant and staff continue working to finalize their review of the closed accounts with credit and debit balances.
- We recommend the District create policies and procedures to avoid credit balances. One of those procedures would involve the change in recording receipt of payment after the account has been written off. These payments would be recorded outside of the Utility Billing Software in the general ledger as a recovery of bad debt.
- We recommend that management continue to work with the software vendor to modify and correct monthly reports to have a more accurate reporting.

Resolved:

Fully

2019-02 Sewer District Write Off Policy

Condition:

In 2020 the Sewer Board has approved the write off of approximately \$205,501 in uncollectible sewer accounts. Approximately \$172,940 of these accounts date back to 2013 and before.

Recommendation:

We recommend the Tangipahoa Water District provide the Sewer District a list of accounts of sewer customers that are inactive on a regular basis. We also recommend the Sewer District adopt a policy to review the list and approve the write off of those accounts in a public meeting. The policy should also include the provision for the Sewer District to turn over the uncollectible accounts to a collection agency.

Resolved:

Fully

This schedule was prepared by management.

(Continued)

**Tangipahoa Water District
Schedule of Prior Year Audit Findings
December 31, 2020**

2019-03 Sewer District Rate Schedule

Condition:

When testing the Sewer utility billings we noted some commercial customers are billed at different rates. We requested a rate schedule from the Manager at the Sewer District. He was not able to provide a rate schedule.

Recommendation:

We recommend the Sewer District adopt a standard rate structure for residential and commercial customers in a public meeting. The Sewer District should provide a copy of the updated schedule to the Tangipahoa Water District.

Resolved:

Partially, See Finding 2020-01

2019-04 Incorrect Allocation of Payments on Receivables

Condition:

While reviewing the allocation of payments it was noted by the internal accountant that many of the payments were being allocated to rate codes that do not exist for the account such as Sewer District, Fluker Sewer, Hammond Garbage and Hammond Sewer.

Recommendation:

The software company believes this problem has been corrected for all future payments. However the only thing that can be done is to go through account by account and reallocate the overpayments or credit adjustments to the correct service.

Resolved:

Fully

This schedule was prepared by management.
(Concluded)