

Waterworks District No. 2 of
St. Helena Parish
Greensburg, Louisiana
Annual Financial Statements

As of and for the Years Ended December 31, 2021 and 2020
with Supplemental Information Schedules

ANTHONY B. BAGLIO, CPA
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

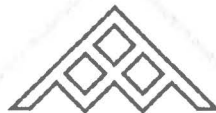
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Waterworks District No. 2 of St. Helena Parish
Greensburg, Louisiana 70441

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the business-type activities of Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana, a component unit of the St. Helena Parish Police Jury, as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana as of December 31, 2021 and December 31, 2020 and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Waterworks District No. 2 of St. Helena Parish and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements are as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Waterworks District No. 2 of St. Helena Parish
Greensburg, Louisiana 70441

- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6 - 14 and 40 and 41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's basic financial statements. The supplemental information schedules on pages 42 - 46 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 my opinion, the supplementary information schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Waterworks District No. 2 of St. Helena Parish
Greensburg, Louisiana 70441

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 20, 2022 on my consideration of the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control over financial reporting on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'AB Baglio', is written over a horizontal line.

Anthony B. Baglio, CPA
A Professional Accounting Corporation
Hammond, Louisiana

June 20, 2022

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

Management's Discussion and Analysis

As of and for the Years Ended December 31, 2021 and 2020

Introduction

The Waterworks District No. 2 of St. Helena Parish (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 *Footnote 1 – Summary of Significant Accounting Policies – Section A "Measurement Focus and Basis of Accounting and Financial Statement Presentation"*.

The Management's Discussion and Analysis (MD&A) for the District 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 financial statements in this report.

Financial Highlights

- At December 31, 2021, total assets were \$11,074,251, and exceeded liabilities in the amount of \$5,722,510 (i.e., net position). Of the total net position, \$642,557 was unrestricted and available to support short-term operations; \$748,959 was restricted primarily for debt service, with a balance of \$4,330,994 as the net investment in capital assets.
- For the year ended December 31, 2021, user fee revenues (water sales) increased by \$16,304 to \$936,199 as compared to \$26,269 increase to \$919,895 for the fiscal year ending December 31, 2020.
- The District's operating expenses, other than depreciation expense, increased by \$106,966 to \$818,159 as compared to an increase of \$2,877 to \$711,193 for the prior fiscal year.
- Total bonds payable decreased \$111,276 at December 31, 2021 and \$107,498 for the prior fiscal year, due to principal payments on long-term debt.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

Management's Discussion and Analysis

As of and for the Years Ended December 31, 2021 and 2020

Overview of the Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of Waterworks District No. 2 of St. Helena Parish's financial condition and performance.

The financial statements report information on the District using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

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 in a format that 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 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 an understanding of the 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.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

Management's Discussion and Analysis

As of and for the Years Ended December 31, 2021 and 2020

Financial Analysis

The purpose of financial analysis is to help determine whether Waterworks District No. 2 of St. Helena Parish 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.

Condensed Statements of Net Position 2021 and 2020

	2021	2020	Dollar Change	Percentage Change
Assets:				
Current and Other Assets	\$ 1,676,954	\$ 1,840,438	\$ (163,484)	-8.88%
Capital Assets	9,397,297	9,626,245	(228,948)	-2.38%
Total Assets	<u>11,074,251</u>	<u>11,466,683</u>	<u>(392,432)</u>	-3.42%
Liabilities:				
Long-Term Debt Outstanding	5,066,303	5,177,579	(111,276)	-2.15%
Other Liabilities	285,438	307,548	(22,110)	-7.19%
Total Liabilities	<u>5,351,741</u>	<u>5,485,127</u>	<u>(133,386)</u>	-2.43%
Net Position:				
Net Investment in Capital Assets	4,330,994	4,448,666	(117,672)	-2.65%
Restricted for Capital Projects and Debt	748,959	683,668	65,291	9.55%
Unrestricted	642,557	849,222	(206,665)	-24.34%
Total Net Position	<u>\$ 5,722,510</u>	<u>\$ 5,981,556</u>	<u>\$ (259,046)</u>	-4.33%

The major component of change for "Current and Other Assets" is an overall decrease in cash and cash equivalents.

"Capital Assets" decreased for the fiscal year ending December 31, 2021 related to depreciation expense for the year of \$366,536. This was partially offset by the District's purchased additions that included \$104,581 in vehicles for the purchase of 4 four trucks and an increase in construction in progress of \$33,007

Total debt decreased by \$133,386, related to principal payments on long-term debt.

"Total Net Position" (total assets less total liabilities) decreased by \$259,046 for the fiscal year ending December 31, 2021 as a result of the activity outlined above.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

Management's Discussion and Analysis

As of and for the Years Ended December 31, 2021 and 2020

**Condensed Statements of Revenues, Expenses and Changes in Net Position
2021 and 2020**

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Revenues:				
Operating Revenues	\$ 1,069,306	\$ 1,070,245	\$ (939)	-0.09%
Nonoperating Revenues	14,907	18,556	(3,649)	-19.66%
Total Revenues	<u>1,084,213</u>	<u>1,088,801</u>	<u>(4,588)</u>	-0.42%
Expenses:				
Depreciation Expense	366,536	365,682	854	0.23%
Other Operating Expense	818,159	711,193	106,966	15.04%
Nonoperating Expense	158,564	211,822	(53,258)	-25.14%
Total Expenses	<u>1,343,259</u>	<u>1,288,697</u>	<u>54,562</u>	4.23%
Income (Loss) Before Contributions	<u>(259,046)</u>	<u>(199,896)</u>	<u>(59,150)</u>	-29.59%
Capital Contributions	-	-	-	N/A
Changes in Net Position	<u>(259,046)</u>	<u>(199,896)</u>	<u>(59,150)</u>	29.59%
Beginning Net Position	<u>5,981,556</u>	<u>6,181,452</u>	<u>(199,896)</u>	-3.23%
Ending Net Position	<u>\$ 5,722,510</u>	<u>\$ 5,981,556</u>	<u>\$ (259,046)</u>	-4.33%

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. The above table gives an indication of how Waterworks District No. 2 of St. Helena Parish is being conservatively managed.

Total "Operating Revenues" decreased by \$939. "Non-Operating Revenues" decreased \$3,649. Water sales revenues increased in Operating Revenues by \$16,304 which was offset by service and connection fee revenue decrease of \$10,815, and FEMA grant revenue decrease of \$8,248. Non-Operating Revenues decreased primarily related to decreases in interest income.

"Other Operating Expenses" increased by \$106,966. The increase is due primarily to increases in salaries and wages of \$33,342 as well as increases in Repairs and Maintenance of \$31,847 and fuel of \$10,507. These increases primarily resulted from additional expenses related to Hurricane Ida. Other operating expenses also increased such as utilities of \$11,390, Chemicals of \$6,294, and several other smaller increases.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

Management's Discussion and Analysis

As of and for the Years Ended December 31, 2021 and 2020

Budgetary Highlights

Waterworks District No. 2 of St. Helena Parish adopts an annual operating budget in accordance with requirements of the United States Department of Agriculture, Rural Utilities Service. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations 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. A summary of the approved budget is presented below in condensed format summarizing major revenue and expenditure 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 1 - Budgetary Comparison Schedule", as supplementary information, following the footnotes to the financial statements.

Budget vs. Actual - Fiscal Year ended December 31, 2021

	Budget Year ended December 31, 2021	Actual Year ended December 31, 2021	Favorable (Unfavorable) Variance
Revenues:			
Operating Revenues	\$ 1,032,675	\$ 1,069,306	\$ 36,631
Nonoperating Revenues	16,800	14,907	(1,893)
Total Revenues	<u>1,049,475</u>	<u>1,084,213</u>	<u>34,738</u>
Expenses:			
Depreciation Expense	372,000	366,536	5,464
Other Operating Expense	828,184	818,159	10,025
Nonoperating Expense	162,000	158,564	3,436
Total Expenses	<u>1,362,184</u>	<u>1,343,259</u>	<u>18,925</u>
Change in Net Position	<u>\$ (312,709)</u>	<u>\$ (259,046)</u>	<u>\$ 53,663</u>

Actual revenues were 3% greater than budgeted revenue while expenses were 1% percent lower than budgeted amounts for the year.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

Management's Discussion and Analysis

As of and for the Years Ended December 31, 2021 and 2020

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

The District had the following number of customers:

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Customers			
Residential	2,760	2,682	78
Commercial and Dairy	71	71	-
Total Customers	<u>2,831</u>	<u>2,753</u>	<u>78</u>

Number of customers having a meter size larger
than the residential size (3/4")

57

One key measure of the District's profitability, and the ability to generate positive cash flows, is the ability of the water system to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ending December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Accounts Receivable			
Current	\$ 68,878	\$ 64,973	\$ 3,905
31-60 Days Past Due	17,568	15,569	1,999
61-90 Days Past Due	5,994	2,462	3,532
Over 90 Days Past Due	637	329	308
Subtotal	<u>93,077</u>	<u>83,333</u>	<u>9,744</u>
Allowance for Uncollectible Accounts	<u>(2,112)</u>	<u>(2,112)</u>	<u>-</u>
Net Accounts Receivable	<u>\$ 90,965</u>	<u>\$ 81,221</u>	<u>\$ 9,744</u>

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

Management's Discussion and Analysis

As of and for the Years Ended December 31, 2021 and 2020

Capital Assets and Debt Administration

Capital Assets

At the end of the fiscal year ending December 31, 2021, Waterworks District No. 2 of St. Helena Parish had \$9,397,297 (net of accumulated depreciation) recorded in capital assets. This includes water systems and improvements, investments in an office building, land, vehicles and maintenance equipment used to operate the water system. The changes in capital assets are presented in the table below.

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Capital Assets				
Land	\$ 57,231	\$ 57,231	\$ -	0%
Building & Improvements	281,599	281,599	-	0%
Equipment	187,510	187,510	-	0%
Furniture and Fixtures	17,764	17,764	-	0%
Vehicles	243,958	139,377	104,581	75%
Utility System	14,316,848	14,316,848	-	0%
Construction in Progress	171,361	138,354	33,007	24%
	<u>15,276,271</u>	<u>15,138,683</u>	<u>137,588</u>	<u>1%</u>
Less: Accumulated Depreciation	<u>(5,878,974)</u>	<u>(5,512,438)</u>	<u>(366,536)</u>	<u>-7%</u>
Net Capital Assets	<u>\$ 9,397,297</u>	<u>\$ 9,626,245</u>	<u>\$ (228,948)</u>	<u>-2%</u>

"Capital Assets" decreased by \$228,948 for the fiscal year ending December 31, 2021 related to depreciation expense for the year of \$366,536. This was partially offset by the District's purchased additions that included \$104,581 in vehicles for the purchase of 4 four trucks and an increase in construction in progress of \$33,007.

There was an increase of \$7,285 in construction in progress costs related to the 2019 CWF project. The total CWF costs were for engineering, planning, and construction costs paid directly by the District. The St. Helena Parish Police Jury paid \$55,900 of the construction contract that totaled \$72,850. The District paid the remaining \$16,950 on the construction contract (\$7,285 in the current fiscal year). The construction was completed in 2020 with final retainage paid and project acceptance as of December 31, 2021. The accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

There was an increase of \$25,722 in construction in progress costs related to the 2020 CWF project. The total CWF costs were for engineering and planning costs paid directly by the District. The construction was not completed as of December 31, 2021. Once completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

Management's Discussion and Analysis

As of and for the Years Ended December 31, 2021 and 2020

There were no costs in construction in progress costs related to the application for the 2021 CWF project. The District pays for engineering and planning costs paid directly. This project has not been approved or bid as of December 31, 2021. However, after construction is completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

During the year ending December 31, 2018, the District began the Hwy 10 Water Tank Repainting Project. This project is still in the design stages and there has been no change to this project from the prior year. Estimated cost is \$120,000 for construction and \$14,241 for engineering.

The District had no asset disposals during the fiscal year. Depreciation expense for the fiscal year ending December 31, 2021, was \$366,536.

Long-Term Obligations

The primary source of long-term financing for Waterworks District No. 2 of St. Helena Parish is revenue bonds financed by the United States Department of Agriculture, Rural Utilities Service (RUS). Interest rates for long-term debt financed through RUS at December 31, 2021, range from 2.25% to 6.375%, with initial payment terms for bonds generally at 40 years.

Bonds financed for Waterworks District No. 2 of St. Helena Parish do not generally require a specific debt to net income or net cash flow ratio, but bond restrictions do state that the District must set its water rates at a level necessary to fund debt service requirements and to pay for the normal operating expenses of the District. One measure of the operating performance of the District is the Debt to Net Position ratio. This measure, viewed over time, yields a comparison of how the District has maintained a workable ratio of total debt to net resources of the District. An increase over an extended period of time would indicate that the District is increasing debt in relation to its operating performance, and management should analyze other factors, such as overall profitability, to ensure that total debt is increased only in relation to the income that will be earned by financed expansions. As indicated, the ratio is only a measure of performance and should be reviewed over an extended period of time in combination with other factors that indicate the profitability of the District.

	<u>2021</u>	<u>2020</u>
Total Long-Term Debt	\$ 5,066,303	\$ 5,177,579
Long-Term	4,951,107	5,066,308
Revenue Bond - Current	115,196	111,271
Total Net Position	\$ 5,722,510	\$ 5,981,556
Total Long-Term Debt to Net Position Ratio	0.89	0.87

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

Management's Discussion and Analysis

As of and for the Years Ended December 31, 2021 and 2020

Future Economic Plans

The Waterworks District No. 2 of St. Helena Parish's management approach is conservative, but is oriented towards meeting the long-range needs of the District. The Board actively monitors revenues and expenses and evaluates the costs of proposed expansion projects. The board's emphasis is on managing operating costs and generating the level of revenues that provides for the most efficient operation of the District. The District has taken significant steps to improve the water system, including obtaining funding of \$7,150,000 for Phase V North and Phase V South water improvements. A description of these significant events is more fully described in *Note 6–Capital Assets and Note 8–Long-Term Obligations*.

Requests for Information

The financial report is designed to provide an overview of St. Helena Waterworks District No. 2's finances and demonstrate the District's accountability. If you have questions regarding this report or need additional information, contact the District at Post Office Box 658, Greensburg, LA 70441. The phone number for the District is (985) 748-4657.

FINANCIAL STATEMENTS

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2021 AND 2020

	2021	2020
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 575,838	\$ 816,856
Receivables, Net:		
Accounts	90,965	81,221
Accrued Billings	59,107	67,584
Other	3,322	-
Inventory	58,443	55,184
Prepaid Insurance	6,782	6,699
Total Current Assets	794,457	1,027,544
Restricted Assets:		
Restricted Cash and Cash Equivalents	882,497	812,894
Total Restricted Assets	882,497	812,894
Property, Plant, and Equipment:		
Land	57,231	57,231
Construction in Progress	171,361	138,354
Property, Plant and Equipment, Net	9,168,705	9,430,660
Total Property, Plant, and Equipment	9,397,297	9,626,245
Total Assets	11,074,251	11,466,683
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	37,608	77,900
Other Accrued Payables	114,292	100,422
Total Current Liabilities (Payable From Current Assets)	151,900	178,322
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	116,055	110,605
Current Revenue Bonds Payable	115,196	111,271
Accrued Interest - RUS Bonds	17,483	18,621
Total Current Liabilities (Payable From Restricted Assets)	248,734	240,497
Long-Term Liabilities:		
Bonds Payable	4,951,107	5,066,308
Total Long-Term Liabilities	4,951,107	5,066,308
Total Liabilities	5,351,741	5,485,127
Net Position		
Net Investment in Capital Assets	4,330,994	4,448,666
Restricted for Debt Service	748,959	683,668
Unrestricted	642,557	849,222
Total Net Position	\$ 5,722,510	\$ 5,981,556

The accompanying notes are an integral part of this statement.

Statement B

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Operating Revenues		
Water Sales	\$ 936,199	\$ 919,895
Service and Connection Fees	69,075	79,890
Penalties	30,636	29,668
FEMA	-	8,248
Other Revenues	33,396	32,544
Total Operating Revenues	<u>1,069,306</u>	<u>1,070,245</u>
Operating Expenses		
Advertising	353	472
Bad Debts	3,577	7,759
Postage	10,797	9,402
Chemicals/Chlorination	27,716	21,422
Deferred Compensation Expense	18,863	17,588
Depreciation	366,536	365,682
Directors' Expense	3,420	4,020
Educational Expense	413	1,015
Fuel	11,084	577
Insurance	48,106	45,282
Meter Installations	28,175	26,450
Other	33,163	31,999
Payroll Taxes	24,521	23,014
Professional Fees:		
Accounting	14,450	14,550
Auditing	11,000	10,500
Legal Fees	340	-
Engineering Fees	2,200	-
Repairs and Maintenance	86,643	54,796
Salaries and Wages	324,862	291,520
Software - Maintenance Costs	1,980	1,980
Supplies - Office	7,169	8,113
Supplies - Water System	39,009	35,474
Telephone	6,598	6,753
Travel	364	-
Utilities	78,812	67,422
Vehicle Expenses	34,544	31,085
Total Operating Expenses	<u>1,184,695</u>	<u>1,076,875</u>
Operating Loss	<u>(115,389)</u>	<u>(6,630)</u>

(CONTINUED)

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

(CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Nonoperating Revenues (Expenses)		
Interest Income	4,606	9,018
Interest Expense	(158,564)	(162,398)
Bad Debt Recovery	3,087	2,566
Abandoned Wells Cost	-	(49,424)
Other Income	7,214	6,972
Total Nonoperating Revenues (Expenses)	<u>(143,657)</u>	<u>(193,266)</u>
Loss Before Contributions	<u>(259,046)</u>	<u>(199,896)</u>
Change in Net Position	(259,046)	(199,896)
Total Net Position, Beginning	<u>5,981,556</u>	<u>6,181,452</u>
Total Net Position, Ending	<u>\$ 5,722,510</u>	<u>\$ 5,981,556</u>

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Received From Customers	\$ 1,031,066	\$ 1,034,770
Received for Meter Deposit Fees	5,450	6,150
Other Receipts	33,396	36,766
Payments for Operations	(498,285)	(368,173)
Payments to Employees	(349,383)	(314,534)
Net Cash Provided by Operating Activities	<u>222,244</u>	<u>394,979</u>
Cash Flows From Noncapital Financing Activities:		
Recovery of Bad Debts	3,087	2,566
Other Receipts	7,214	6,972
Net Cash Provided by Noncapital Financing Activities	<u>10,301</u>	<u>9,538</u>
Cash Flows From Capital and Related Financing Activities:		
(Payments for) Capital Acquisitions	(137,588)	(24,973)
Payments for Abandoned Wells	-	(49,424)
Principal Proceeds from (Repayments for) Long-Term Debt	(111,276)	(107,498)
Interest Payments for Long-Term Debt	(159,702)	(163,477)
Net Cash Used in Capital and Related Financing Activities	<u>(408,566)</u>	<u>(345,372)</u>
Cash Flows From Investing Activities:		
Receipt of Interest	4,606	9,018
Net Cash Provided by Investing Activities	<u>4,606</u>	<u>9,018</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	(171,415)	68,163
Cash and Cash Equivalents, Beginning of Year	<u>1,629,750</u>	<u>1,561,587</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,458,335</u>	<u>\$ 1,629,750</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 575,838	\$ 816,856
Cash and Cash Equivalents, Restricted	<u>882,497</u>	<u>812,894</u>
Total Cash and Cash Equivalents	<u>\$ 1,458,335</u>	<u>\$ 1,629,750</u>

(CONTINUED)

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating Loss	\$ (115,389)	\$ (6,630)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	366,536	365,682
(Increase) Decrease in Accounts Receivable	(1,267)	5,317
(Increase) Decrease in Other Receivable	(3,322)	(4,026)
(Increase) Decrease in Inventory	(3,259)	1,072
(Increase) Decrease in Prepaid Insurance	(83)	(119)
Increase (Decrease) in Accounts Payable	(40,292)	29,901
Increase (Decrease) in Accrued Expenses	13,870	(2,368)
Increase (Decrease) in Customer Deposits	<u>5,450</u>	<u>6,150</u>
Net Cash Provided by Operating Activities	<u>\$ 222,244</u>	<u>\$ 394,979</u>

The accompanying notes are an integral part of this statement.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

Introduction

Waterworks District No. 2 of St. Helena Parish was established July 1983, by an ordinance of the St. Helena Parish Police Jury, Greensburg, Louisiana. The ordinance enacted pursuant to Louisiana Revised Statutes 33:3813, describes and defines the boundaries of the water district, and provides for a five-member governing board of commissioners appointed by the St. Helena Parish Police Jury. The District currently serves 2,831 customers as of December 31, 2021, and operates in an area extending from Livingston Parish on the southern boundary and extending northward through Ward 5, Ward 3 north of Montpelier (bounded on the south by Ward 4), north to most of Ward 2, and parts of Ward 1 and 6. Waterworks District No. 2 of St. Helena Parish was thus created and constitutes a public corporation and political subdivision of the State of Louisiana, and has all the power and privileges granted by the Constitution and statutes of this state to such subdivision, including the authority to incur debt, to issue bonds, and to levy taxes and assessments.

GASB Statement No. 14, as amended, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Waterworks District No. 2 of St. Helena Parish is considered a component unit of the St. Helena Parish Police Jury. As a component unit, the accompanying financial statements are to be included within the reporting of the primary government, either blended within those financial statements, or separately reported as a discrete component unit. Under provisions of this statement, there are no component units of the District.

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 including, but not limited to those 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*, as amended. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (now statement of net position) (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, some of which are 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.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

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 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 *Note J – 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 did not have any deferred outflows or deferred inflows of resources at December 31, 2021.

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 *Note 8 – Long-Term Debt Obligations*.

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 Statement of Net Position. The Statement of

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

Revenues, Expenses, and Changes in Net Position 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. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service 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. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety days or less. Under state law, the District may deposit funds in demand deposits, 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.

C. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. Investments are reported at fair value, except nonparticipating investment contracts which are reported at cost. The district had no investments at December 31, 2021 or 2020.

D. 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

E. 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.

F. 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

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

applicable bond covenants. Additionally, funds held for customers' meter deposits are also classified as restricted assets.

G. 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 and Improvements	15 - 40 Years
Equipment	5 - 10 Years
Furniture and Fixtures	5 - 10 Years
Vehicles	5 - 7 Years
Utility System	10 - 40 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 2020, 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*.

H. Compensated Absences

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

During the fiscal year ending December 31, 2010, the Board of Commissioners approved a change in policy that allows the accumulation of vacation and sick leave as wages are paid every two weeks. The previous policy allowed all regular employees to earn four hours of vacation leave and eight hours of sick leave per month. Under the new policy, 1.85 hours of vacation (.93 hours for part time employees) and 3.7 hours of sick leave (1.85 for part time employees) are earned per two-week pay period. Unused vacation and sick leave is paid upon termination

In accordance with GASB Codification Section C60, vacation and sick leave has been accrued for unused employee leave.

I. Long-Term Debt Obligations

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 expended 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 expended in the period incurred under GASB 65. The District did not have any bond related costs in the year ending December 31, 2021 or 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 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. The District had no debt refundings in the years ended December 31, 2021 and 2020.

J. 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.

K. Comparative Data/Reclassifications

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, if any, recorded in the current period have been reflected in prior period data presented wherever possible.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

L. 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.

M. 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

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

	<u>2021</u>	<u>2020</u>
Demand Deposits	\$ <u>1,458,335</u>	\$ <u>1,629,750</u>

These deposits are stated at cost, which approximates market value. 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 as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does not have a formal policy for custodial risk. On December 31, 2021, the District has \$1,476,801 in demand deposits (collected bank balances) for cash and cash equivalents, in one bank. \$250,000 of the demand deposits are secured from risk by \$250,000 of federal deposit insurance and the remaining \$1,226,801 of demand deposits are secured by pledged securities. The \$1,226,801 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).

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

On December 31, 2020, the District has \$1,641,860 in demand deposits (collected bank balances) for cash and cash equivalents, in one bank. \$250,000 of the demand deposits are secured from risk by \$250,000 of federal deposit insurance and the remaining \$1,391,860 of demand deposits are secured by pledged securities. The \$1,391,860 was 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).

3. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name

The District had no investments at December 31, 2021 and 2020.

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

4. Receivables

The following is a summary of receivables at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Accounts Receivable			
Current	\$ 68,878	\$ 64,973	\$ 3,905
31-60 Days Past Due	17,568	15,569	1,999
61-90 Days Past Due	5,994	2,462	3,532
Over 90 Days Past Due	<u>637</u>	<u>329</u>	<u>308</u>
Subtotal	93,077	83,333	9,744
Allowance for Uncollectible Accounts	<u>(2,112)</u>	<u>(2,112)</u>	<u>-</u>
Net Accounts Receivable	<u>\$ 90,965</u>	<u>\$ 81,221</u>	<u>\$ 9,744</u>

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. 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 un-collectability. In 2021, the board authorized write-offs for the fiscal year of \$3,577 and \$7,759 in fiscal year 2020.

“Other Receivables” totaled \$62,429 for the fiscal year ending December 31, 2021 and \$67,584 for the fiscal year ending December 31, 2020 and include primarily estimated unbilled revenues (accrued billings). Accrued billings amounts were \$59,107 and \$67,584 at December 31, 2021 and 2020 respectively.

5. Restricted Assets

Restricted assets were applicable to the following sources at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Restricted Cash and Cash Equivalents		
Customer Deposits	\$ 19,273	\$ 10,889
Bond Reserve Account - Rural Utility Service -RUS	215,379	201,214
Bond Depreciation and Contingency Account - RUS	138,541	124,603
Bond Sinking Account - RUS	281,355	280,536
Bond Short Lived Assets	<u>227,949</u>	<u>195,652</u>
Total Restricted Assets	<u>\$ 882,497</u>	<u>\$ 812,894</u>

6. Capital Assets

A summary of changes in capital assets during the fiscal year ending December 31, 2021 is as follows:

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

	Beginning Balance 12/31/20	Additions and Reclassifications	Deletions and Reclassifications	Ending Balance 12/31/21
Capital Assets				
Land	\$ 57,231	\$ -	\$ -	\$ 57,231
Building & Improvements	281,599	-	-	281,599
Equipment	187,510	-	-	187,510
Furniture and Fixtures	17,764	-	-	17,764
Vehicles	139,377	104,581	-	243,958
Utility System	14,316,848	-	-	14,316,848
Total Capital Assets in Service	15,000,329	104,581	-	15,104,910
Less Accumulated Depreciation	(5,512,438)	(366,536)	-	(5,878,974)
Total Capital Assets being Depreciated	9,487,891	(261,955)	-	9,225,936
Construction in Progress	138,354	33,007	-	171,361
Total Capital Assets, Net	\$ 9,626,245	\$ (228,948)	\$ -	\$ 9,397,297

Total Capital Assets decreased by \$228,948 for the fiscal year ending December 31, 2021 related to depreciation expense for the year of \$366,536. This was partially offset by the District's purchased additions that included \$104,581 in vehicles for the purchase of 4 four trucks and an increase in construction in progress of \$33,007.

There was an increase of \$7,285 in construction in progress costs related to the 2019 CWEF project. The total CWEF costs were for engineering, planning, and construction costs paid directly by the District. The St. Helena Parish Police Jury paid \$55,900 of the construction contract that totaled \$72,850. The District paid the remaining \$16,950 on the construction contract (\$7,285 in the current fiscal year). The construction was completed in 2020 with final retainage paid and project acceptance as of December 31, 2021. The accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

There was an increase of \$25,722 in construction in progress costs related to the 2020 CWEF project. The total CWEF costs were for engineering and planning costs paid directly by the District. The construction was not completed as of December 31, 2021. Once completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

There were no costs in construction in progress costs related to the application for the 2021 CWEF project.

The District had no asset disposals during the fiscal year. Depreciation expense for the fiscal year ending December 31, 2021 was \$366,536.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

During the year ending December 31, 2018, the District began the Hwy 10 Water Tank Repainting Project. This project is still in the design stages and there has been no change to this project from the prior year. Estimated cost is \$120,000 for construction and \$14,241 for engineering.

During the year ending December 31, 2020, the District purchased additions that included \$1,439 in machinery and equipment for security cameras. Total construction costs also increased \$22,348. There was an increase of \$22,348 in construction in progress costs related to the 2019 CWEF project. These CWEF costs were for engineering and planning costs paid directly by the District. The St. Helena Parish Police Jury paid \$63,185 of the construction contract that totaled \$72,850. The District paid the remaining \$9,665 on the construction contract. The construction was complete at December 31, 2021. The accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance. The District had no other asset disposals during the fiscal year ended December 31, 2020. Depreciation expense for the fiscal year ending December 31, 2020 was \$365,682.

7. Accounts Payable and Accrued Liabilities

Payables at December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Accounts Payable:		
Vendors	\$ 15,108	\$ 55,900
Accrued Audit Fees	12,000	11,500
Accrued Accounting Fees	10,500	10,500
Total Accounts Payable	<u>\$ 37,608</u>	<u>\$ 77,900</u>
Accrued Liabilities:		
Accrued Vacation Leave	\$ 9,923	\$ 10,768
Accrued Sick Leave	78,412	68,910
Accrued Wages	5,481	3,656
Other Accrued Liabilities	20,476	17,088
Total Accrued Liabilities	<u>\$ 114,292</u>	<u>\$ 100,422</u>

The District maintains a cash account, totaling \$71,077 at December 31, 2021 and \$70,867 at December 31, 2020, to fund the related accrued leave obligation of \$88,335 and \$79,678, respectively. The District's policy is to periodically transfer cash to fund the cash leave account in an amount equal to the accrued leave obligation.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

8. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2021:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Long-Term Debt					
1987 Water Revenue Bonds	\$ 83,596	\$ -	\$ 8,539	\$ 75,057	\$ 9,083
1994 Water Revenue Bonds	210,422	-	10,823	199,599	11,365
1999 Water Revenue Bonds	139,229	-	4,770	134,459	5,001
2000 Water Revenue Bonds	195,982	-	6,459	189,523	6,755
2013 Water Revenue Bonds	2,432,101	-	41,412	2,390,689	42,828
2016 Water Revenue Bonds	2,116,249	-	39,273	2,076,976	40,164
Total Long-Term Debt	<u>\$ 5,177,579</u>	<u>\$ -</u>	<u>\$ 111,276</u>	<u>\$ 5,066,303</u>	<u>\$ 115,196</u>

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					
1987 Water Revenue Bonds	\$ 91,623	\$ -	\$ 8,027	\$ 83,596	\$ 8,539
1994 Water Revenue Bonds	220,730	-	10,308	210,422	10,823
1999 Water Revenue Bonds	143,778	-	4,549	139,229	4,770
2000 Water Revenue Bonds	202,157	-	6,175	195,982	6,458
2013 Water Revenue Bonds	2,472,140	-	40,039	2,432,101	41,409
2016 Water Revenue Bonds	2,154,649	-	38,400	2,116,249	39,272
Total Long-Term Debt	<u>\$ 5,285,077</u>	<u>\$ -</u>	<u>\$ 107,498</u>	<u>\$ 5,177,579</u>	<u>\$ 111,271</u>

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

Bonds payable balances as of December 31, 2021 are as follows:

	<u>Bonds Payable End of Year</u>	<u>Due Within One Year</u>
Revenue Bond \$ 198,000 Water System- RUS Bonds 91-03 sold to Rural Utility Service Dated 9/12/1988 due in annual installments of principal and interest of \$13,868 through 1/26/2028, interest at 6.375%	\$ 75,057	\$ 9,083
Revenue Bond \$ 360,000 Water System- RUS Bonds 91-05 sold to Rural Utility Service Dated 5/26/1994 due in annual installments of principal and interest of \$21,344 through 1/26/2034, interest at 5.0%	199,599	11,365
Revenue Bond \$ 200,000 Water System- RUS Bonds 91-07 sold to Rural Utility Service Dated 8/26/1999 due in annual installments of principal and interest of \$940 through 8/26/2039, interest at 4.75%	134,459	5,001
Revenue Bond \$ 278,000 Water System- RUS Bonds 91-09 sold to Rural Utility Service Dated 7/1/2000 due in monthly installments of principal and interest of \$1,262 through 7/26/2040, interest at 4.5%	189,523	6,755
Revenue Bond \$ 2,659,000 Water Revenue Bonds Series 2013 sold to Rural Utility Service Dated 2/19/2014 due in monthly installments of principal and interest of \$10,238 through 1/26/2054, interest at 3.375%	2,390,689	42,828
Revenue Bond \$ 2,238,000 Water Revenue Bonds Series 2016 sold to Rural Utility Service Dated 9/20/2016 due in monthly installments of principal and interest of \$7,207 through 9/20/2056, interest at 2.25%	2,076,976	40,164
	\$ 5,066,303	\$ 115,196

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

The annual requirements to amortize all debt outstanding as of December 31, 2021, including interest payments of \$2,673,139 are as follows:

Year Ending 12/31/21	1987 Water Revenue Bonds \$198,000			1994 Water Revenue Bonds \$360,000			1999 Water Revenue Bonds \$200,000			2000 Water Revenue Bonds \$278,000		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 9,083	\$ 4,785	\$ 13,868	\$ 11,364	\$ 9,980	\$ 21,344	\$ 5,001	\$ 6,279	\$ 11,280	\$ 6,755	\$ 8,390	\$ 15,145
2023	9,662	4,206	13,868	11,933	9,412	21,344	5,244	6,036	11,280	7,065	8,080	15,145
2024	10,278	3,590	13,868	12,529	8,815	21,344	5,498	5,782	11,280	7,390	7,756	15,145
2025	10,933	2,935	13,868	13,156	8,189	21,344	5,765	5,515	11,280	7,729	7,416	15,145
2026	11,630	2,238	13,868	13,814	7,531	21,344	6,045	5,235	11,280	8,085	7,061	15,145
2027 to 2031	23,471	4,443	27,913	80,145	26,577	106,722	34,924	21,476	56,400	46,347	29,380	75,727
2032 to 2036	-	-	-	56,658	5,676	62,335	44,266	12,134	56,400	58,017	17,710	75,727
2037 to 2041	-	-	-	-	-	-	27,715	1,815	29,530	48,135	3,909	52,044
2042 to 2046	-	-	-	-	-	-	-	-	-	-	-	-
2047 to 2051	-	-	-	-	-	-	-	-	-	-	-	-
2052 to 2056	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 75,057</u>	<u>\$ 22,196</u>	<u>\$ 97,253</u>	<u>\$ 199,599</u>	<u>\$ 76,180</u>	<u>\$ 275,779</u>	<u>\$ 134,459</u>	<u>\$ 64,271</u>	<u>\$ 198,730</u>	<u>\$189,523</u>	<u>\$89,703</u>	<u>\$279,226</u>

Year Ending 12/31/21	2013 Water Revenue Bonds \$2,659,000			2016 Water Revenue Bonds \$2,238,000			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 42,828	\$ 80,028	\$ 122,856	\$ 40,164	\$ 46,320	\$ 86,484	\$ 115,197	\$ 155,781	\$ 270,978
2023	44,297	78,559	122,856	41,078	45,406	86,484	119,278	151,700	270,978
2024	45,815	77,041	122,856	42,011	44,473	86,484	123,522	147,456	270,978
2025	47,385	75,471	122,856	42,966	43,518	86,484	127,936	143,042	270,978
2026	49,009	73,847	122,856	43,943	42,541	86,484	132,526	138,451	270,978
2027 to 2031	271,427	342,853	614,280	235,163	197,257	432,420	691,477	621,985	1,313,462
2032 to 2036	321,246	293,034	614,280	263,137	199,497	462,634	743,324	528,052	1,271,376
2037 to 2041	380,209	234,071	614,280	357,402	107,768	465,170	813,460	347,564	1,161,024
2042 to 2046	449,994	164,286	614,280	266,499	102,958	369,456	716,493	267,243	983,736
2047 to 2051	532,588	81,692	614,280	368,653	63,767	432,420	901,241	145,459	1,046,700
2052 to 2056	205,890	6,353	212,243	375,959	20,052	396,012	581,849	26,405	608,255
	<u>\$2,390,689</u>	<u>\$1,507,234</u>	<u>\$3,897,923</u>	<u>\$2,076,976</u>	<u>\$913,556</u>	<u>\$2,990,532</u>	<u>\$5,066,303</u>	<u>\$2,673,139</u>	<u>\$7,739,442</u>

9. Flow of Funds, Restrictions on Use

Under the terms of the bond issued on September 20, 2016, related to the permanent financing of the Phase V North project, the bonds are payable as to principal and interest solely from the income and revenues derived from the operations of the water system of the District after provisions have been made for the payment of reasonable and necessary expenses of administering, operating, and maintaining of the system. Total interest expense from all water revenue bonds equaled \$158,564 for the year ending December 31, 2021. The gross water revenue recognized during the current fiscal year was \$936,199 and \$919,895 for the prior fiscal year. Bond covenants related to all parity bonds, including the 2001 Water Revenue Refunding Bonds and all issues of the United States Department of Agriculture (USDA)-Rural Utility Service (RUS), and requirements for maintaining a Bond Sinking Fund, a Debt Service Reserve Fund, and a Short-Lived Assets Fund are described below.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

Bond Sinking Fund

- a. There shall be established a "Water System Revenue Bond and Sinking Fund" - sufficient in amount to pay the principal and interest on outstanding revenue bonds as they become due and payable. Payments are to be made from the Operating Fund (Revenue Fund) of the District, to the "Revenue Sinking Fund" by the 20th of each month, in an amount equal to 1/12 of the interest and principal falling due on the next bond payment date. Monies in the "Revenue Sinking Fund" are deposited as Trust Funds, and are exclusively pledged for the purpose of paying principal and interest on the Revenue Bonds.
- b. The District made all of the required deposits for the RUS Bonds and for the 2001 Water Revenue Refunding Bonds, issued in parity with the RUS Bonds, maintaining a total of \$281,355 at December 31, 2021 and \$280,536 at December 31, 2020.

Debt Service Reserve Fund

- c. Bond reserve deposit requirements are as modified by the RUS letter of conditions dated August 30, 2011 for the Phase V South project, and January 17, 2012 for the Phase V North Project. Permanent financing was obtained September 20, 2016 for the Phase V North project. With final USDA financing obtained, payment requirements have been established for the Bond Reserve deposit requirement and are as stated in Section "d" following.
- d. The Letter of Conditions above for the Phase V South and Phase V North projects state that the District must establish and fund monthly a debt service reserve fund equal to 10% of the monthly payment each month over the life of the loan until you accumulate one annual installment. This reserve is required to establish an emergency fund for maintenance and repairs and debt repayment should the need arise. Prior issues of USDA debt, and the 2001 Water Revenue Refunding Bonds, required that there shall be set aside into a "Utility System Revenue Bond Reserve Fund" and into a separate "Depreciation and Contingency Fund a sum equal to five percent of the monthly bond payment after the construction project becomes revenue producing, and deposits shall continue until there is accumulated therein an amount equal to the highest succeeding annual debt service payment in any future year. Such amounts, per the Letter of Conditions above for the Phase V South and Phase V North projects, are to be deposited by the 20th of each month and may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund as to which there would otherwise be default, and for emergency and repairs.

In order to maintain consistency with funding requirements, the District continues to deposit the total 10% requirement for the debt service fund as required for the Phase South and Phase V North issues, but splits the amount as 5% to the "Utility System Revenue Bond Reserve Fund" and 5% to the "Depreciation and Contingency Fund."

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

Combined payment requirements for the RUS bond issues and the 2001 Water Revenue Refunding Bonds, at 5% of loan amounts, was \$1,129 per month for 2021, per USDA requirement.

- a. The twelve required monthly payments to the "Revenue Bond Reserve Fund" were made for the year 2021 and 2020 with a balance maintained of \$215,379 at December 31, 2021, as compared to a balance of \$201,214 at December 31, 2020.
- b. The twelve required monthly payments to the "Depreciation & Contingency Fund" were made for the year 2021 and 2020. The balance in the "Depreciation and Contingency Fund" at December 31, 2021 was \$138,541, as compared to \$124,603 at December 31, 2020.
- c. All the revenues received in any year and not required to be paid in such year into any of the noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

Short-Lived Assets Fund

- d. In addition to required deposits, as stated above, for the Phase V South and Phase V North projects, a depreciation reserve for short-lived assets is to be established with deposits of \$2,639 required per month. Deposit requirements for the short-lived assets fund began in February 2015, per USDA requirement for the Phase V South Bonds (Water Revenue Bonds, Series 2013). The twelve required monthly deposits for depreciation reserve for short-lived assets were made for the year 2021 and 2020. The balance at December 31, 2021 was \$227,949, as compared to \$195,652 at December 31, 2020.

10. Restricted Net Position

At December 31, 2021, Waterworks District No. 2 of St. Helena Parish has \$748,959 in Restricted Net Position, restricted for debt service, as compared to \$683,668 at December 31, 2020. This represents 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.

11. Litigation and Claims

There is no pending litigation as of December 31, 2021 or December 31, 2020.

12. Deferred Compensation Plan

On November 12, 2009, the Board of Commissioners of the St. Helena Waterworks District No. 2 approved the participation in a deferred compensation plan and for the employer to make contributions of six percent of gross wages. The District participates in the *Louisiana Public Employees Deferred Compensation Plan*. 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 \$18,000 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, 2021, the aggregate account balance of employees of St. Helena Waterworks District No. 2 participating in the plan was \$442,302 or the fiscal year ending December 31, 2021, as compared to \$400,399 for the fiscal year ending December 31, 2020. Employer contributions for the fiscal year ending December 31, 2021 totaled \$18,863, as compared to \$17,588 for the fiscal year ended December 31, 2020. The District has no financial or fiscal responsibility to the deferred compensation plan. There was no liability outstanding at year end 2021 or 2020. Employees are 100% vested in contributions and as such there are no forfeitures reflected in the expense.

13. Other Commitments

During the year ending December 31, 2018, the District has entered into a contract related to the Hwy 10 Water Tank Repainting project. As of December 31, 2021, the District had remaining costs in the contract with PEC for engineering. The District has incurred \$9,969 in costs leaving a remaining \$4,272 in the contract. Construction is estimated at \$120,000; however this has not been bid or awarded as of December 31, 2021.

14. 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 flow.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

15. Subsequent Events

Subsequent to year end, the District was awarded a grant related to expenses incurred during Hurricane Ida (PW 279). The project amount is \$69,035.61 and the federal share is 100%. Also subsequent to year end, the District was awarded another grant related to expenses incurred during Hurricane Ida (PW 390). The project amount is \$17,050 and the federal share is 90%.

Subsequent events have been evaluated by management through June 20, 2022, the date the financial statements were available to be issued. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2021.

OTHER SUPPLEMENTARY INFORMATION

Schedule 1

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
BUDGET (GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED DECEMBER 21, 2021

	2021 Budget	2021 Actual	Variance Favorable
Operating Revenues:			
Water Sales	\$ 932,500	\$ 936,199	\$ 3,699
Service and Connection Fees	67,500	69,075	1,575
Late Payment Penalties	31,000	30,636	(364)
Other	1,675	33,396	31,721
Total Operating Revenues	<u>1,032,675</u>	<u>1,069,306</u>	<u>36,631</u>
Operating Expenses:			
Advertising	2,000	353	1,647
Bad Debts	7,500	3,577	3,923
Postage	10,500	10,797	(297)
Chemicals/Treatment	27,000	27,716	(716)
Deferred Compensation	18,720	18,863	(143)
Depreciation	372,000	366,536	5,464
Director's Expense	3,500	3,420	80
Educational Expense	750	413	337
Fuel	11,750	11,084	666
Insurance	49,000	48,106	894
Meter Installations	29,000	28,175	825
Other	2,504	33,163	(30,659)
Payroll Taxes	24,960	24,521	439
Professional Fees:			
Accounting	15,000	14,450	550
Auditing	10,500	11,000	(500)
Legal Fees	1,000	340	660
Engineering Fees	1,500	2,200	(700)
Repairs and Maintenance	130,000	86,643	43,357
Salaries and Wages	315,000	324,862	(9,862)
Software - Maintenance Costs	2,000	1,980	20
Supplies - Office	7,000	7,169	(169)
Supplies - Water System	40,500	39,009	1,491
Telephone	8,000	6,598	1,402
Travel	500	364	136
Utilities	78,000	78,812	(812)
Vehicle Expenses	32,000	34,544	(2,544)
Total Operating Expenses	<u>1,200,184</u>	<u>1,184,695</u>	<u>15,489</u>
Operating Income (Loss)	<u>(167,509)</u>	<u>(115,389)</u>	<u>52,120</u>

(CONTINUED)

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
BUDGET (GAAP) BASIS AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED DECEMBER 21, 2021

	2021 Budget	2021 Actual	Variance Favorable (Unfavorable)
Nonoperating Revenues (Expenses):			
Interest Income	5,000	4,606	(394)
Interest Expense	(162,000)	(158,564)	3,436
Bad Debt Recovery	2,000	3,087	1,087
Other Income	9,800	7,214	(2,586)
Total Nonoperating Revenues (Expenses)	<u>(145,200)</u>	<u>(143,657)</u>	<u>1,543</u>
Income (Loss) Before Contributions and	<u>(312,709)</u>	<u>(259,046)</u>	<u>53,663</u>
Change in Net Position	(312,709)	(259,046)	53,663
Total Net Position, Beginning	<u>5,981,556</u>	<u>5,981,556</u>	<u>-</u>
Total Net Position, Ending	<u>\$ 5,668,847</u>	<u>\$ 5,722,510</u>	<u>\$ 53,663</u>

See Independent Auditor's Report.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

SCHEDULE OF INSURANCE COVERAGES

FOR THE YEAR ENDED DECEMBER 31, 2021

Insurance Company / Policy Number	Coverage	Amount	Period	
Allied World Specialty Insurance Company- Policy # 5105-2219-02	Commercial General Liability:		1/22/2021	to 1/22/2022
	Aggregate Policy Limit	\$ 3,000,000		
	Per Occurance	1,000,000		
	Personal Injury and Advertising Injury	1,000,000		
	Damage to Rented Property	100,000		
	Wrongful Acts:		1/22/2021	to 1/22/2022
	Per Claim	1,000,000		
	Aggregate	3,000,000		
	Crime Coverage :		1/22/2021	to 1/22/2022
	Employee Theft Coverage per occurrence	250,000		
	Forgery or Alteration Coverage per occurrence	250,000		
	Theft - Inside and Outside per occurrence	250,000		
	Computer Fraud Coverage per occurrence	100,000		
	Funds Transfer Fraud/Money Order Coverage per occurrence	100,000		
	Property/Inland Marine Coverage - per filed statement of values	Scheduled	1/22/2021	to 1/22/2022
Policy # 5107-2219-02	Commercial Excess Liability:		1/22/2021	to 1/22/2022
	Per Claim	2,000,000		
	Aggregate	2,000,000		
	Business Auto Liability:		1/22/2021	to 1/22/2022
	Bodily Injury and Property Damage	1,000,000		
	Commercial General Liability:		1/22/2021	to 1/22/2022
	Per Claim	1,000,000		
	Aggregate	3,000,000		
	Employment Practices Liability:		1/22/2021	to 1/22/2022
	Per Claim	1,000,000		
	Aggregate	3,000,000		
Policy # 5106-2219-02	Business Auto Coverage - Combined Single Limit Liability:	1,000,000	1/22/2021	to 1/22/2022
	Uninsured Motorists Coverage	1,000,000		
	Comprehensive and Collision	Scheduled		
	Coverage, as Scheduled			
Louisiana Workers' Compensation 17223-S	Workmen's Compensation at statutory limits		4/17/2021	to 4/17/2022
	Employer's Liability	1,000,000		

See Independent Auditor's Report.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

SCHEDULE OF COMPENSATION PAID TO BOARD OF COMMISSIONERS

FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expiration</u>
Wilbert Knox, President (225) 222-4401	11491 Hwy 38 Greensburg, LA 70441	\$ 780	7/26/24
Lea Vern Sims, Vice President (225) 222-4367	1595 Pumping Station Rd Greensburg, LA 70441	720	7/26/23
Lee Warner, Secretary-Treasurer (985) 974-3101	1001 Hwy 441 Holden, LA 70744	420	7/26/26
Terry Addison, Board Member (225) 278-2947	P.O. Box 52 Greensburg, LA 70441	720	7/26/25
James Baker, Board Member (985) 974-3101	936 McDaniel Rd Amite, LA 70422	780	7/26/22
		<u>\$ 3,420</u>	

See Independent Auditor's Report.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2021

Agency Head Name: Wilbert Knox, President

<u>Purpose</u>	<u>Compensation Received</u>
Per Diem - Board Member	\$ 780

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

SCHEDULE OF WATER RATES

FOR THE YEAR ENDED DECEMBER 31, 2021

Residential Rates		Commercial Rates	
\$ 15.00	- First 2,000 Gallons	\$ 33.00	- First 8,000 Gallons
3.00	- Per 1,000 Gallons of Water over 2,000	\$ 3.00	- Per 1,000 Gallons of Water over 8,000 Gallons

See Independent Auditor's Report.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

SCHEDULE OF WATER CUSTOMERS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Customers			
Residential	2,760	2,682	78
Commercial and Dairy	<u>71</u>	<u>71</u>	<u>-</u>
Total Customers	<u>2,831</u>	<u>2,753</u>	<u>78</u>
Number of customers having a meter size larger than the residential size (3/4")			<u>57</u>

See Independent Auditor's Report.

**OTHER INDEPENDENT AUDITOR'S REPORT
and OTHER MATTERS**

**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***

ANTHONY B. BAGLIO, CPA
PRESIDENT

MEMBER

American Institute of Certified Public Accountants

Society of Louisiana Certified Public Accountants



ANTHONY B. BAGLIO, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

2011 Rue Simone
Hammond, La 70403

Hammond - (985) 542-4155
Hammond (Fax) - (985) 542-4186
Slidell - (985) 641-0630
www.baglio-cpa.com

June 20, 2022

**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
Waterworks District No. 2 of St. Helena Parish
Greensburg, Louisiana 70441

I 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 Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana, a component unit of the St. Helena Parish Police Jury, as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's basic financial statements, and have issued my report thereon dated June 20, 2022.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control. Accordingly, I do not express an opinion on the effectiveness of Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control.

Board of Commissioners
Waterworks District No. 2 of St. Helena Parish
Greensburg, Louisiana 70441

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waterworks District No. 2 of St. Helena Parish's, Greensburg, Louisiana's financial statements are free of material misstatement, I 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. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Board of Commissioners
Waterworks District No. 2 of St. Helena Parish
Greensburg, Louisiana 70441

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Anthony B. Baglio, CPA
A Professional Accounting Corporation
Hammond, Louisiana

June 20, 2022

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS

**Waterworks District No. 2 of St. Helena Parish
Greensburg, Louisiana**

**SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
As of and for the Year Ended December 31, 2021**

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

I have audited the financial statements of Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana as of and for the year ended December 31, 2021, and have issued my report thereon dated June 20, 2022. I conducted my 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. My audit of the financial statements as of December 31, 2021, resulted in an unqualified opinion.

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material weaknesses identified. ☐ Yes ☒ No

Significant deficiencies identified not
Considered to be material weaknesses? ☐ Yes ☒ No

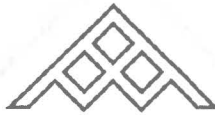
Compliance

Noncompliance material to financial
statements noted? ☐ Yes ☒ No

MEMBER

American Institute of Certified Public Accountants

Society of Louisiana Certified Public Accountants



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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Waterworks District No. 2 of St. Helena Parish
and the Louisiana Legislative Auditor

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Waterworks District No. 2 of St. Helena Parish's management is responsible for those C/C areas identified in the SAUPs.

Waterworks District No. 2 of St. Helena Parish has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Budgeting is addressed in the District's Financial and Operating Procedures Manual.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Purchasing is addressed in the District's Financial and Operating Procedures Manual.

- c) **Disbursements**, including processing, reviewing, and approving.

Disbursements are addressed in the District's Financial and Operating Procedures Manual.

- d) **Receipts/Collections** including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Receipts/Collections are addressed in the District's Financial and Operating Procedures Manual.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Payroll/Personnel is addressed in the District's Financial and Operating Procedures Manual.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Contracting is addressed in the District's Financial and Operating Procedures Manual.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Credit Cards (and debit cards, fuel cards, P-Cards, if applicable) are addressed in the District's Financial and Operating Procedures Manual.

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Travel and Expense Reimbursement are addressed in the District's Financial and Operating Procedures Manual.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Ethics is addressed in the District's Financial and Operating Procedures Manual.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Debt Services is addressed in the District's Financial and Operating Procedures Manual.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Information Technology Disaster Recovery/Business Continuity is addressed in the District's Financial and Operating Procedures Manual.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Sexual Harassment is addressed in the District's Financial and Operating Procedures Manual.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds⁷. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions noted. The minutes referenced monthly financial reports and budget comparisons.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable. The general fund did not have negative unrestricted fund balance.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Obtained a listing of client bank accounts from management and management's representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

Collections (excluding electronic funds transfers)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

The water district only has one deposit site and obtained management's representation that the listing is complete.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

The water district only has one collection location and obtained management's representation that the listing is complete.

- a) Employees responsible for cash collections do not share cash drawers/registers.

The District maintains two (2) cash drawers, one for each collection window. These drawers are not shared by those collecting money.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

The person responsible for collecting cash is also responsible for making bank deposits, however, management is responsible for reconciling documentation to the deposits.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The person responsible for collecting cash is not responsible for posting collection entries to the general ledger.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

The people who have access to cash is covered by an insurance policy for theft.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

Selected two deposit dates for three of the bank accounts for a total of six (6) deposits. Two of the other bank accounts selected had no deposits for the dates selected.

- a) Observe that receipts are sequentially pre-numbered.

The District uses the customer billing card as the receipt.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

The customer billing card receipts were traced to the deposit slips with no exceptions.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

There is only one location that processes payments and obtained management's representation that the listing is complete.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Management and board members are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.

All invoices are approved by the board at monthly meetings and two (2) board member signatures are required for each check.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.

The person responsible for processing payments is prohibited from adding/modifying vendor files, except when approved by the manager.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The official responsible for signing checks does not process payments.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

Obtained the year-to-date general ledger and obtained management's representation that the population is complete.

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions noted.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted of the five (5) disbursements selected.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained list for all fuel cards and the two (2) debit cards with each ID and Employee, and management's representation that the listing is complete

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Not exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No late fees were incurred on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

During the month selected the two (2) debit cards had no transactions.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained the general ledger and management's representation that the listing is complete.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Per diem was at the rate established the U.S. General Services Administration.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Not applicable.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

The water district does not have any agreements/contracts.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Not applicable

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Not applicable

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Not applicable

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Not applicable

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained a listing of employees during the fiscal period and management representation that the listing is complete.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory)

No exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours, and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

The District had no termination payments during the fiscal year.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Three of the five employees completed one hour of ethics training.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Not applicable.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

No bond/notes and other debt instruments issued during the fiscal year.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions noted.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Per management, there were no misappropriations of public funds or assets during the fiscal period.

24. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

No exceptions noted. Backups are performed continuously throughout network attached storage.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

No exceptions noted. Restoration of backup was successfully tested.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

No exceptions noted, all computers have current and active antivirus software.

Sexual Harassment

- 26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

The five (5) employees received the sexual harassment training documentation from management but did not take the one (1) hour of sexual harassment training for the fiscal year.

- 27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions noted.

- 28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;

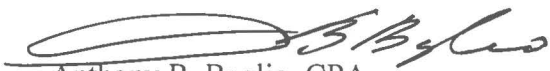
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

No exceptions noted, annual sexual harassment report was dated January 31, 2022. There were no sexual harassment complaints received in 2021.

I am engaged by Waterworks District No. 2 of St. Helena Parish to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. I am not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of Waterworks District No. 2 of St. Helena Parish and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

The report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.


Anthony B. Baglio, CPA
Hammond, Louisiana

June 20, 2022

WATERWORKS DISTRICT NO. 2
OF ST. HELENA PARISH
For the Year ended December 31, 2021

Management's responses to the following agreed-upon procedure sections:

Ethics

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Management's response: In the future we will make sure each employee/official completes one (1) hour of ethics training during the fiscal year.

Sexual Harassment

- 26. Observe the documentation demonstrates each employee/official complete at least one hour of sexual harassment training during the fiscal year.

Management's response: Each employee/official will complete one (1) hour of sexual harassment training during the next fiscal year.