

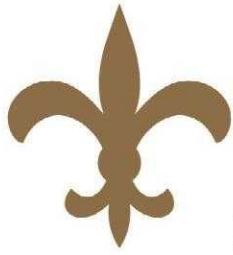
FINANCIAL STATEMENTS

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

AS OF JUNE 30, 2021

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J. Aaron Cooper, CPA, LLC

P.O. Box 918 • 106 West Nezpique Street • Jennings, Louisiana 70546

Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants.

Recipient of Advanced Single Audit Certificate

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Jefferson Davis Parish Water District No. 4
Jennings, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of Jefferson Davis Parish Water District No. 4 (the District), a component unit of Jefferson Davis Parish Police Jury, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Jefferson Davis Parish Water District No. 4

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Jefferson Davis Parish Water District No. 4, as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Management has omitted a management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation and benefits paid to agency head or chief executive officer is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The supplemental schedule is the responsibility of management and was derived and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, based on my audit and the procedures performed as described above, the schedule of compensation and benefits paid to agency head or chief executive officer are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 6, 2021, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements,

Jefferson Davis Parish Water District No. 4
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and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "J. Aaron Cooper, CPA, LLC". The signature is written in a cursive style.

J. Aaron Cooper, CPA, LLC

Jennings, Louisiana
December 6, 2021

BASIC FINANCIAL STATEMENTS

JEFFERSON DAVIS PARISH WATER DISTRICT NO.4
(A Component Unit of Jefferson Davis Police Jury)
Statement of Net Position
June 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$	185,723
Accounts receivable - customers		47,629
Prepaid items		9,845
Investments		160,183
Total current assets		403,380

Non-current assets:

Restricted investments		151,557
Capital assets (net of accumulated depreciation)		1,727,197
Total non-current assets		1,878,754

TOTAL ASSETS		2,282,134
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LIABILITIES

Current liabilities:

Accounts payable		381
Salaries, payroll and other taxes payable		3,417
Accrued interest payable		155
Notes payable (current portion)		26,199
Total current liabilities		30,152

Non-current liabilities:

Notes payable		642,885
Customer deposits payable		136,090
Total non-current liabilities		778,975

TOTAL LIABILITIES		809,127
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NET POSITION

Net investment in capital assets		1,058,114
Restricted:		
Restricted for debt service		151,557
Contributions		10,720
Unrestricted		252,616
Total net position		2,473,007

TOTAL NET POSITION	\$	1,473,007
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The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2021

OPERATING REVENUES

Sales of water	\$ 546,494
Installation fees	49,578
Penalties and reconnection fees	27,395
Other revenues	17,668
Total operating revenues	641,135

OPERATING EXPENSES

Bad debts	1,417
Chemicals	38,480
Contract labor	200
Communications	2,773
Depreciation	81,567
DHH fees	14,820
Fuel and oil	8,376
Insurance	30,360
Installations	63
Licenses and permits	745
Meter reading	15,795
Office expense	10,070
Payroll taxes	8,905
Per diem meetings	7,350
Postage	5,107
Professional fees	20,500
Seminars and training	1,079
System supplies	344,016
Repairs and maintenance	24,540
Salaries and benefits	117,199
Utilities	29,678
Total operating expenses	763,040

OPERATING INCOME (121,905)

NON-OPERATING REVENUES (EXPENSES)

Interest income	4,046
Interest expense	(29,726)
Total non-operating revenues (expenses)	(25,680)

Change in net position (147,585)

Net position, beginning of year	1,620,592
Net position, end of year	\$ 1,473,007

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)
Statements of Cash Flows
For the Year Ended June 30, 2021

Cash flows from operating activities:	
Receipts from customers and users	\$ 624,875
Payments to suppliers of goods and services	(551,469)
Payments to employees	(117,199)
Other receipts (payments)	17,668
Net cash used by operating activities	<u>(26,125)</u>
 Cash flows from capital and related financing activities	
Purchases of capital assets	(8,199)
Principal paid on capital debt	(74,584)
Interest paid on capital debt	<u>(29,433)</u>
Net cash used by capital and related financing activities	<u>(112,216)</u>
 Cash Flows From Investing Activities	
Decrease in investments	82,822
Interest and dividends received	<u>4,046</u>
Net cash provided by investing activities	<u>86,868</u>
 Net decrease in cash and cash equivalents	 (51,473)
 Cash and cash equivalents, beginning of year	 <u>237,196</u>
Cash and cash equivalents, end of year	<u>\$ 185,723</u>
 Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating income (loss)	<u>\$ (121,905)</u>
Adjustments:	
Depreciation expense	81,567
(Increase) decrease in accounts receivable	1,408
(Increase) decrease in prepaids	2,368
Increase (decrease) in accounts payable	(5,246)
Increase (decrease) in salary and payroll expense payable	1,893
Increase (decrease) in customer deposits	13,790
Total adjustments	<u>95,780</u>
Net cash used by operating activities	<u>\$ (26,125)</u>

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

INTRODUCTION

As provided by Louisiana Revised Statute (R.S.) 33:3812, the Jefferson Davis Parish Water District No. 4 is governed by five commissioners. These five commissioners are collectively referred to as the Water Commissioners and are appointed by the Jefferson Davis Parish Police Jury. The Jefferson Davis Parish Water District No. 4 is a subdivision of the state and may issue bonds and levy taxes in accordance with Article 6, Section 30 of the Louisiana Constitution of 1974. The District was created under the authority of R.S. 33:3811 and was established to establish, acquire, construct, improve, extend, and maintain within its political subdivision a water system. At present, the district supplies water service to 1211 residential and 33 commercial customers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

GASB Codification Section 2100 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the police jury is determined on the basis of the following criteria:

1. Appointment of governing body
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

Because the Police Jury appoints the governing board and because of the scope of public service, Jefferson Davis Parish Water District No. 4 was determined to be a component unit of the Jefferson Davis Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the water district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

B. Fund Accounting

The accounts of the District are organized on the basis of a proprietary fund, which is considered a separate accounting entity or enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private businesses enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

C. Basis of Accounting and Measurement Focus

The District has implemented GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and GASB Statement No.63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the Statement of Net Position. Net Position is segregated into contributed capital (if any) and Net Position components.

Proprietary fund type operating statements present increases and decreases in total net position. The accrual basis of accounting is utilized by the proprietary fund type. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred. The District uses alternative 2 under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*.

1. Revenues

Water distribution fees are assessed on or about the 20th of each month, become due on the first of the following month, and are delinquent on the 15th of that month. A late fee of 10% is assessed on water distribution fees that are not paid by the 15th of the month in which they become delinquent and a disconnect fee of \$20 is assessed if the customer still has not paid by the 10th of the following month. An installation fee is charged for all new water service. These fees range from \$140 to \$300, depending on the amount of line and valves needed. Interest income represents amounts earned on certificates of deposit and savings accounts invested with financial institutions. Interest earned on certificates of deposit is recorded when the certificate matures and/or when interest is available. Interest on savings accounts is recorded when received. Intergovernmental revenue is recorded when received. Intergovernmental revenues and interest income are the revenues classified as non-operating revenue.

2. Expenditures

Expenses are generally recognized under the accrual basis of accounting. Exceptions to this general rule include principal and interest on long-term debt which is recognized at year end.

Operating expenses are those described as associated to those expenses associated with the plant such as chemicals, fees, plant supplies, etc. Non-operating expenses are those of administration by nature.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

In the proprietary financial statements, equity is classified as net position and displayed in three components:

1. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

D. Cash, Cash Equivalents, and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with maturities of 90 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 and national banks having principal offices in Louisiana. Investments may include instruments or obligations issued by the United States Government or its agencies, or any other federally-issued investment.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 since the District does not have a formal investment policy. Funds which are available for investment and above immediate cash requirements can be invested in statutorily-sanctioned investments including direct U.S. Treasury obligations, bonds, debentures, notes or certificates issued by or guaranteed by federal agencies, or time certificate of deposit in any bank domiciled or having a branch office in Louisiana or any other federally-insured investment. Statutorily-sanctioned investments also include funds invested with external local government investment pools such as Louisiana Asset Management Pool.

When investments are present in the financial statements, they are reflected at fair value except for the following which are permitted per GASB Statement 31, *Accounting and Financial Reporting/or Certain Investments and for External Investment Pools*:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts. If the original maturities of time deposits exceed 90 days, they are classified as investments. As of June 30, 2021, the District’s investments consist of non-negotiable certificates of deposit that are reported at cost, which approximates market value.

Money-market investments and participating interest-earning investment contracts that have remaining maturity at time of purchase of one year or less are reported at amortized cost. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

E. Restricted Assets

Certain asset accounts are restricted as bond reserve, bond contingency, and for customer deposits.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items consist of unexpired portions of insurance premiums.

G. Fixed Assets

Property and equipment of Jefferson Davis Parish Water District No. 4 with an initial useful life that extends beyond one year with a cost greater than \$2,500 are capitalized. Maintenance and repairs are charged to expenses as incurred; major renewals and betterments are capitalized. At year end, the construction account is adjusted to other fixed assets accounts: water wells, main plant, filtration system, and water lines. All fixed assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated.

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus, and all assets and all liabilities (whether current or non-current) associated with the Water District’s activities are included on its Statement of Net Position. The District’s reported net position is segregated into reserves, contributions and net position components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against the District’s operations. Accumulated depreciation is reported on the proprietary fund balance sheet.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Distribution, Treatment, and Filtering Facilities	12 to 50 years
Major Equipment and Facilities	20 years
Minor Equipment and Facilities	10 years

H. Accumulated Unpaid Vacation Pay

Vacation leave is provided for all employees with at least six months of service. It ranges from 1 to 4 weeks per year depending on the length of service. It is the District’s policy that vacation does not accumulate except the amount earned in the current calendar year. Any vacation not utilized by December 31st is lost. Employees also earn 7 days per year for sick leave and are cumulative from year to year up to a maximum of 35 days. Upon retirement, any unused sick days are forfeited. There are no accumulated and vested benefits relating to vacation and sick leave that require disclosure to conform to generally accepted accounting principles for these employees.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

I. Retirement

Retirement is provided to the District's employees through a SIMPLE IRA. The District matches up to 2% of the employees' gross salary.

J. Accounts Receivable

The District uses the direct write-off method to record bad debts expense for the year. Under this method an expense is taken when an account is deemed uncollectible.

Accounts receivable consists of customer receivables. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method to be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

K. Reserves

The District's reserve accounts are used to indicate that a portion of the net position is legally segregated for a specific future use. As of June 30, 2021, the District had reserves as required by U.S. Department of Agriculture Rural Development (USDARD).

L. Contributions

The District received and expended grant funds to construct part of its facility. The grant contains certain contingent restrictions based on the fair market value of that portion of the facility which was attributed to the grant funds. Each year an allocation is made to re-class a portion of the contribution account to unrestricted net position. The balance in the contributions account is the balance of the unallocated grant.

M. Use of Estimates

The preparation of Jefferson Davis Parish Water District No. 4's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. Subsequent Events

Subsequent events have been evaluated through December 6, 2021, the date the financial statements were available to be issued.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

O. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are managed by coverage through commercial insurance.

2. RESTRICTED INVESTMENTS

Restricted certificates of deposit were applicable to the following reserves at June 30, 2021:

Revenue bond and interest	\$ 61,261
Depreciation and contingency	<u>90,296</u>
 Total	 <u><u>\$ 151,557</u></u>

3. DEPOSITS AND INVESTMENTS

A. Deposits

For reporting purposes, cash and cash equivalents include demand accounts, savings accounts, and certificates of deposit with original maturities of less than 90 days (if applicable). At June 30, 2021, the District had cash and cash equivalents (book balances) totaling \$ 185,770 as follows:

Deposit Type	Reported Amount
Cash-demand deposits	<u>185,723</u>
	<u><u>\$ 185,723</u></u>

Additionally, the District has three certificates of deposit totaling \$311,739 on deposit at a local bank. Two of the certificates totaling \$151,557, are considered restricted and the remaining \$160,182 is not restricted.

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits may not be recovered. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or similar federal security 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 District or the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2021, the District has \$700,890 in deposits (collected bank balances) in a local financial institution, including certificates of deposit. These deposits are secured from risk by \$500,000 of

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

federal deposit insurance, leaving \$200,890 in deposits uncollateralized. The deposits covered by insurance are not considered subject to custodial credit risk according to GASB Statement No. 3.

B. Investments

At June 30, 2021 the District had the following investments and maturities:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
			<u>Less than 1</u>	<u>1-5</u>
Certificates of deposits- (maturities exceeding 90 days)	100.0%	\$ 311,739	\$ 151,557	\$ 160,182

Credit Risk - Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a written investment policy, but does adhere to state laws regarding allowable investments. The certificates of deposit are not rated.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As discussed in Note 3A, \$200,890 in deposits are not considered collateralized under the provisions of GASB Statement No. 3 At June 30, 2021.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer. More than five percent of the District's investments at June 30, 2021, are invested in certificates of deposit held at one financial institution. These investments are 100% of the District's total investments at June 30, 2021.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

4. LONG-TERM DEBT

The Water district obtained a loan from the USDARD in the amount of \$1,166,000 in 2010. Required loan payments are made monthly in the amount of \$5,060. In addition to the required loan payments, the district has been making additional monthly principal payments of \$3,740 during the year.

The following is a summary of the long-term obligations for the year ended June 30, 2021:

	USDA Note Payable <u>Loan #4</u>
Long-term obligations at beginning of year	\$ 744,711
Additions	-
Deductions	<u>75,627</u>
Long-term obligations at end of year	<u><u>\$ 669,084</u></u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2021:

	USDA Note Payable <u>Loan #4</u>
Current portion	\$ 26,199
Long-term portion	<u>642,885</u>
Total	<u><u>\$ 669,084</u></u>

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Long-term debt as of June 30, 2021, is comprised of the following:

Date of Issue	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding
April 26, 2010	<u>\$ 1,166,000</u>	4.25%	May 25, 2040	<u>\$ 406,909</u>	<u>\$ 669,084</u>

The annual requirements to amortize all debt outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2022	\$ 26,199	\$ 34,527	\$ 60,726
2023-2027	149,041	154,586	303,627
2028-2032	184,259	119,367	303,626
2033-2037	227,800	75,826	303,626
2038-2041	<u>81,785</u>	<u>22,603</u>	<u>104,388</u>
Total	<u>\$ 669,084</u>	<u>\$ 406,909</u>	<u>\$ 1,075,993</u>

5. COMPENSATION OF COMMISSIONERS

As provided by Louisiana R.S. 33:3819, the District's commissioners receive per diem for each board meeting they attend. Total compensation for each commissioner is as follow:

Charles Deese, Chairman	\$ 1,800
Randy Davis, Vice-Chairman	1,500
Anthony Comeaux, Secretary/Treasurer	1,200
Robert Sarver	1,500
Blaine Boudreaux	<u>1,350</u>
Total	<u>\$ 7,350</u>

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

6. CAPITAL ASSETS

Capital assets activity as of and for the year ended June 30, 2021 for the District is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 32,185	\$ -	\$ -	\$ 32,185
Total capital assets, not being depreciated	<u>\$ 32,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,185</u>
Capital assets being depreciated:				
Water lines	\$ 2,568,114	\$ -	\$ -	\$ 2,568,114
Filtration system	449,371	-	-	449,371
Machinery and equipment	284,749	8,199	-	292,948
Main plant	238,939	-	-	238,939
Office equipment	12,378	-	-	12,378
Water wells	198,859	-	-	198,859
Total capital assets being depreciated	<u>3,752,410</u>	<u>8,199</u>	<u>-</u>	<u>3,760,609</u>
Less accumulated depreciation for:				
Water lines	934,575	58,824	-	993,399
Filtration system	422,875	4,202	-	427,077
Machinery and equipment	227,016	11,887	-	238,903
Main plant	193,851	2,262	-	196,113
Office equipment	11,722	162	-	11,884
Water wells	193,991	4,230	-	198,221
Total accumulated depreciation	<u>1,984,030</u>	<u>81,567</u>	<u>-</u>	<u>2,065,597</u>
Total capital assets being depreciated, net	<u>\$ 1,768,380</u>	<u>\$ (73,368)</u>	<u>\$ -</u>	<u>\$ 1,695,012</u>

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(A Component Unit of Jefferson Davis Police Jury)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

7. OFF BALANCE SHEET RISK

The District is concentrated within a relatively small geographic area located in Southwest Louisiana. The concentration of assets within a small area increases the chance of having a material loss of assets due to a sudden unforeseen occurrence. The District carries commercial insurance to reduce the amount of risk to assets.

8. CURRENT WATER RATES

At present the District charges residential customers \$16 for the first 2,500 gallons of water use and \$4.50 for each additional 1,000 gallons used. Commercial accounts are charged \$32 for the first 5,000 gallons of water used and \$4.50 each additional 1,000 gallons used.

SUPPLEMENTARY INFORMATION

**JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(Component Unit of Jefferson Davis Police Jury)**

**Schedule of Compensation, Benefits, and other Payments
to Agency Head or Chief Executive Officer**

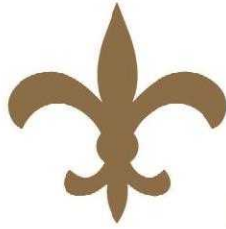
For the Year Ended June 30, 2021

Agency Head Name: Charles Deese, Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-dues	-
Car allowance	-
Vehicle provided by government	-
Per diem	1,800
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	\$ 1,800
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

OTHER REPORTS



J. Aaron Cooper, CPA, LLC

P.O. Box 918 • 106 West Nezpique Street • Jennings, Louisiana 70546

*Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants.
Recipient of Advanced Single Audit Certificate*

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
Jefferson Davis Parish Water District No. 4
Jennings, Louisiana

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 Jefferson Davis Parish Water District No. 4 (the District), a component unit of Jefferson Davis Police Jury, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated December 6, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

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

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 amounts. 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as (Finding 2021-1 (C)).

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.

This report is intended solely for the information and use of management, the Commissioners, others within the entity, the Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statutes 24:513 and 44:6, this report is a matter of public record and its distribution is not limited.

A handwritten signature in blue ink that reads "J. Aaron Cooper, CPA, LLC". The signature is written in a cursive style.

J. Aaron Cooper, CPA, LLC

Jennings, Louisiana
December 6, 2021

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(Component Unit of Jefferson Davis Police Jury)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Jefferson Davis Water District No. 4.
2. No significant deficiencies in internal control relating to the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*.
3. One instances of noncompliance material to the financial statements of the Jefferson Davis Water District No. 4 were reported in the 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*.
4. The Jefferson Davis Water District No. 4 did not require a Single Audit.
5. A separate management letter was not issued with regards to the engagement for the year ended June 30, 2021.

SECTION II - INTERNAL CONTROL AND COMPLIANCE FINDINGS

Current Year Findings:

Internal Control - N/A

Compliance

Finding 2021-1 (C) – Inadequate collateralization of deposits

Finding. The District did not maintain adequate collateral on deposits at a local bank.

Criteria. State law requires that all deposits of public funds be either insured by FDIC or collateralized by a pledge of investment securities owned by the depository financial institution.

Effect. \$200,890 in deposits were not collateralized in accordance with state law.

Cause. Banks typically monitor deposits and ensure that adequate collateral is maintained. However, responsibility ultimately lies with the District.

Recommendation. The District should assign someone to monitor pledge securities. In addition, the District should work with the bank to ensure compliance.

**JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(Component Unit of Jefferson Davis Police Jury)**

**CORRECTIVE ACTION PLAN
For the Year ended June 30, 2021**

Internal Control - N/A

Compliance

Finding 2021-1 (C) – Inadequate collateralization of deposits

Name of Contact person. Charles Deese, Chairman

Corrective Action. The District and the bank will work together to help ensure compliance.

Proposed completion date. The District will implement the above corrective action immediately.

JEFFERSON DAVIS PARISH WATER DISTRICT NO. 4
(Component Unit of Jefferson Davis Police Jury)

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Prior Year Findings:

No prior year findings.