

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

As of and for the Years Ended December 31, 2023 and 2022
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, 2023, and 2022 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, 2023 and December 31, 2022 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.

Waterworks District No. 2 of St. Helena Parish
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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.
- 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.

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

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 - 13 and 38 and 39 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 40 - 44 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 25, 2024, 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,



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

June 25, 2024

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

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

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, and with current standards as more fully described in Note 1 – *Summary of Significant Accounting Policies*.

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, 2023, total assets were \$10,458,439, and exceeded liabilities in the amount of \$5,324,313 (i.e., net position) as compared to total assets of \$10,788,343 and net position of \$5,548,055 at December 31, 2022. Of the total 2023 net position, \$377,743 was unrestricted and available to support short-term operations as compared to \$497,915 for 2022; \$1,037,667 was restricted primarily for debt service, with a balance of \$3,908,903 as the net investment in capital assets compared to \$925,402 restricted primarily for debt service and a balance of \$4,124,738 as the net investment in capital assets for 2022.
- For the year ended December 31, 2023, the District's Net Position decreased \$223,742 as compared to a decrease of \$174,455 in the prior year.
- For the year ended December 31, 2023, revenue decreased \$34,149 with operating revenue increase of \$18,149 offset by a decrease in nonoperating revenue of \$52,298 compared to an overall increase in revenue in the prior year of \$196,646. Water sales increased by \$10,578 to \$997,263 as compared to a \$50,486 increase to \$986,685 for the fiscal year ending December 31, 2022. Nonoperating revenue decreased for the year ending December 31, 2023, and increased for the year ending December 31, 2022, primarily related to \$104,851 in federal grant funds received and recognized from FEMA related to Hurricane Ida in the year ending December 31, 2022.
- The District's operating expenses, other than depreciation expense, increased by \$11,364 to \$937,978 as compared to an increase of \$108,455 to \$926,614 for the prior fiscal year.
- Total bonds payable decreased \$119,283 on December 31, 2023, and \$115,200 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
DECEMBER 31, 2023 AND 2022

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.

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.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Condensed Statements of Net Position
2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Assets:				
Current and Other Assets	\$ 1,717,716	\$ 1,712,502	\$ 5,214	0.30%
Capital Assets	<u>8,740,723</u>	<u>9,075,841</u>	<u>(335,118)</u>	-3.69%
Total Assets	<u>10,458,439</u>	<u>10,788,343</u>	<u>(329,904)</u>	-3.06%
Liabilities:				
Long-Term Debt Outstanding	4,831,820	4,951,103	(119,283)	-2.41%
Other Liabilities	<u>302,306</u>	<u>289,185</u>	<u>13,121</u>	4.54%
Total Liabilities	<u>5,134,126</u>	<u>5,240,288</u>	<u>(106,162)</u>	-2.03%
Net Position:				
Net Investment in Capital Assets	3,908,903	4,124,738	(215,835)	-5.23%
Restricted for Capital Projects and Debt	1,037,667	925,402	112,265	12.13%
Unrestricted	<u>377,743</u>	<u>497,915</u>	<u>(120,172)</u>	-24.14%
Total Net Position	<u>\$ 5,324,313</u>	<u>\$ 5,548,055</u>	<u>\$ (223,742)</u>	-4.03%

Current and Other Assets" increased \$5,214 compared to an increase of \$35,548 in the prior year. The major component of change for Current and Other Assets in the prior year was an overall increase in total cash and cash equivalents of \$9,218 and an increase in accrued billings of \$14,604 as compared to an increase of \$49,047 in total cash and cash equivalents offset by decreases in accounts receivable of \$24,965 and accrued billings of \$20,669 in the current year.

"Capital Assets" decreased for the fiscal year ending December 31, 2023, primarily related to depreciation expense for the year of \$382,050 compared to a decrease of \$321,456 in the prior year primarily related to depreciation of \$374,124. These expenses were partially offset by the District's purchased capital asset additions of \$46,932 that included \$15,440 in construction in progress, \$22,860 in equipment and \$8,632 in furniture and fixtures compared to prior year additions of \$62,637 that included \$55,228 in furniture and fixtures.

Total liabilities decreased by \$ 106,162 in the current year and \$111,453 in the prior year, primarily related to principal payments on long-term debt.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Condensed Statements of Revenues, Expenses and Changes in Net Position
2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Revenues:				
Operating Revenues	\$ 1,151,797	\$ 1,133,648	\$ 18,149	1.60%
Nonoperating Revenues	94,913	147,211	(52,298)	-35.53%
Total Revenues	<u>1,246,710</u>	<u>1,280,859</u>	<u>(34,149)</u>	-2.67%
Expenses:				
Depreciation Expense	382,050	374,124	7,926	2.12%
Other Operating Expense	937,978	926,614	11,364	1.23%
Nonoperating Expense	150,424	154,576	(4,152)	-2.69%
Total Expenses	<u>1,470,452</u>	<u>1,455,314</u>	<u>15,138</u>	1.04%
Income (Loss) Before Contributions	<u>(223,742)</u>	<u>(174,455)</u>	<u>(49,287)</u>	-28.25%
Changes in Net Position	(223,742)	(174,455)	(49,287)	28.25%
Beginning Net Position	5,548,055	5,722,510	(174,455)	-3.05%
Ending Net Position	<u>\$ 5,324,313</u>	<u>\$ 5,548,055</u>	<u>\$ (223,742)</u>	-4.03%

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" increased by \$ 18,149 compared to an increase of \$64,342 in the prior year. "Non-Operating Revenues" decreased \$52,298 compared to an increase of \$132,304 in the prior year. Water sales increased by \$10,578 to \$997,263 as compared to a \$50,486 increase to \$986,685 for the fiscal year ending December 31, 2022. Nonoperating revenue decreased for the year ending December 31, 2023, and increased for the year ending December 31, 2022, primarily related to \$104,851 in federal grant funds received and recognized from FEMA related to Hurricane Ida in the year ending December 31, 2022

"Other Operating Expenses" increased by \$11,364 to \$937,978 as compared to an increase of \$108,455 to \$926,614 for the prior fiscal year. Current year increases in various expenses were partially offset by decreases in various expenses. In the prior year, the increase is due primarily to increases in salaries and wages of \$34,256 as well as increases in utilities of \$22,910 and meter installations of \$18,700.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Total Net Position (total assets less total liabilities) decreased by \$223,742 for the fiscal year ending December 31, 2023, and decreased \$174,455 for the fiscal year ending December 31, 2022, as a result of the activity outlined above.

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 notes to the financial statements.

Budget vs. Actual - Fiscal Year ended December 31, 2023

	Budget Year ended December 31, 2023	Actual Year ended December 31, 2023	Favorable (Unfavorable) Variance
Revenues:			
Operating Revenues	\$ 1,210,650	\$ 1,151,797	\$ (58,853)
Nonoperating Revenues	85,500	94,913	9,413
Total Revenues	<u>1,296,150</u>	<u>1,246,710</u>	<u>(49,440)</u>
Expenses:			
Depreciation Expense	414,000	382,050	31,950
Other Operating Expense	939,794	937,978	1,816
Nonoperating Expense	156,000	150,424	5,576
Total Expenses	<u>1,509,794</u>	<u>1,470,452</u>	<u>39,342</u>
Change in Net Position	<u>\$ (213,644)</u>	<u>\$ (223,742)</u>	<u>\$ (10,098)</u>

Actual revenues were 4% lower than budgeted revenue compared to prior year which were 1% higher than budgeted revenue. Actual Expenses were 3% lower than budgeted amounts for the year compared to prior year which were 4% percent lower than budgeted amounts for the year.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

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>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Customers			
Residential	2,853	2,805	48
Commercial and Dairy	69	72	(3)
Total Customers	<u>2,922</u>	<u>2,877</u>	<u>45</u>
Number of customers having a meter size larger than the residential size (3/4")			<u>57</u>

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, 2023, and 2022.

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Accounts Receivable			
Current	\$ 61,370	\$ 70,310	\$ (8,940)
31-60 Days Past Due	22,377	20,119	2,258
61-90 Days Past Due	6,659	5,963	696
Over 90 Days Past Due	<u>(17,054)</u>	<u>1,925</u>	<u>(18,979)</u>
Subtotal	73,352	98,317	(24,965)
Allowance for Uncollectible Accounts	<u>(2,112)</u>	<u>(2,112)</u>	<u>-</u>
Net Accounts Receivable	<u>\$ 71,240</u>	<u>\$ 96,205</u>	<u>\$ (24,965)</u>

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2023 AND 2022

Capital Assets and Debt Administration

Capital Assets

At the end of the fiscal year ending December 31, 2023, Waterworks District No. 2 of St. Helena Parish had \$8,740,723 (net of accumulated depreciation) recorded in capital assets compared to 9,075,841 at the end of the fiscal year ending December 31, 2022. 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>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Capital Assets				
Land	\$ 57,231	\$ 57,231	\$ -	0%
Building & Improvements	281,344	281,344	-	0%
Equipment	210,370	187,510	22,860	12%
Furniture and Fixtures	81,624	72,992	8,632	12%
Vehicles	198,054	247,317	(49,263)	-20%
Utility System	14,316,848	14,316,848	-	0%
Construction in Progress	<u>176,832</u>	<u>161,392</u>	<u>15,440</u>	10%
	15,322,303	15,324,634	(2,331)	0%
Less: Accumulated Depreciation	<u>(6,581,580)</u>	<u>(6,248,793)</u>	<u>(332,787)</u>	-5%
Net Capital Assets	<u>\$ 8,740,723</u>	<u>\$ 9,075,841</u>	<u>\$ (335,118)</u>	-4%

“Capital Assets” decreased by \$335,118 for the fiscal year ending December 31, 2023, as compared to a decrease of \$321,456 for the year ending December 31, 2022. The decreases were primarily related to depreciation expense for the current year of \$382,050 and \$374,124 for the prior year. These expenses were partially offset by the District’s purchased capital asset additions of \$46,932 that included \$15,440 in construction in progress, \$22,860 in equipment and \$8,632 in furniture and fixtures compared to prior year additions of \$62,637 that included \$55,228 in furniture and fixtures.

The current year increase in construction in progress costs relates to CWF projects. The total CWF costs were for engineering, planning, and construction costs paid directly by the District. The accepted projects will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

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, 2023, and December 31, 2022, range from 2.25% to 6.375%, with initial payment terms for bonds generally at 40 years.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

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.

	2023	2022
Total Long-Term Debt	\$ 4,831,820	\$ 4,951,103
Long-Term	4,708,298	4,831,824
Revenue Bond - Current	123,522	119,279
 Total Net Position	 \$ 5,324,313	 \$ 5,548,055
 Total Long-Term Debt to Net Position Ratio	 0.91	 0.89

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.

Requests for Information

The financial report is designed to provide an overview of Waterworks District No. 2 of St. Helena Parish'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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 338,296	\$ 404,530
Receivables, Net:		
Accounts	71,240	96,205
Accrued Billings	53,042	73,711
Other	-	3,264
Inventory	68,552	64,105
Prepaid Insurance	8,282	7,664
Total Current Assets	<u>539,412</u>	<u>649,479</u>
Noncurrent Assets:		
Restricted Assets:		
Restricted Cash and Cash Equivalents	1,178,304	1,063,023
Total Restricted Assets	<u>1,178,304</u>	<u>1,063,023</u>
Property, Plant, and Equipment:		
Land	57,231	57,231
Construction in Progress	176,832	161,392
Property, Plant and Equipment, Net	8,506,660	8,857,218
Total Property, Plant, and Equipment	<u>8,740,723</u>	<u>9,075,841</u>
Total Noncurrent Assets	<u>9,919,027</u>	<u>10,138,864</u>
Total Assets	<u>10,458,439</u>	<u>10,788,343</u>
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	64,549	52,688
Other Accrued Payables	97,120	98,876
Total Current Liabilities (Payable From Current Assets)	<u>161,669</u>	<u>151,564</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	125,625	121,340
Current Revenue Bonds Payable	123,522	119,279
Accrued Interest - RUS Bonds	15,012	16,281
Total Current Liabilities (Payable From Restricted Assets)	<u>264,159</u>	<u>256,900</u>
Long-Term Liabilities:		
Bonds Payable	4,708,298	4,831,824
Total Long-Term Liabilities	<u>4,708,298</u>	<u>4,831,824</u>
Total Liabilities	<u>5,134,126</u>	<u>5,240,288</u>
Net Position		
Net Investment in Capital Assets	3,908,903	4,124,738
Restricted for Debt Service	1,037,667	925,402
Unrestricted	377,743	497,915
Total Net Position	<u>\$ 5,324,313</u>	<u>\$ 5,548,055</u>

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Water Sales	\$ 997,263	\$ 986,685
Service and Connection Fees	83,575	78,025
Penalties	36,206	34,739
Other Revenues	34,753	34,199
Total Operating Revenues	<u>1,151,797</u>	<u>1,133,648</u>
Operating Expenses		
Advertising	260	124
Bad Debts	12,501	10,068
Postage	14,288	12,515
Chemicals/Chlorination	37,562	31,835
Deferred Compensation Expense	20,170	21,763
Depreciation	382,050	374,124
Directors' Expense	4,740	3,780
Educational Expense	985	1,075
Employee Insurance	15,932	-
Fuel	49	9,035
Impairment of Capital Assets	-	9,969
Insurance	62,574	55,571
Meter Installations	23,037	46,875
Other	38,130	33,420
Payroll Taxes	28,467	29,245
Professional Fees:		
Accounting	17,975	17,200
Auditing	12,500	12,500
Legal Fees	383	80
Engineering Fees	5,778	1,000
Repairs and Maintenance	97,301	66,130
Salaries and Wages	361,452	359,118
Software - Maintenance Costs	2,250	2,160
Supplies - Office	6,597	8,795
Supplies - Water System	37,912	45,862
Telephone	11,044	9,161
Travel	199	41
Utilities	90,132	101,722
Vehicle Expenses	35,760	37,570
Total Operating Expenses	<u>1,320,028</u>	<u>1,300,738</u>
Operating Loss	<u>(168,231)</u>	<u>(167,090)</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Nonoperating Revenues (Expenses)		
Gain (Loss) on Sale of Assets	3,806	-
Interest Income	78,598	31,833
Interest Expense	(150,424)	(154,576)
FEMA Grant	-	104,851
Bad Debt Recovery	3,863	2,208
Other Expense	8,646	8,319
Total Nonoperating Revenues (Expenses)	<u>(55,511)</u>	<u>(7,365)</u>
Loss Before Contributions	<u>(223,742)</u>	<u>(174,455)</u>
Change in Net Position	(223,742)	(174,455)
Total Net Position, Beginning	<u>5,548,055</u>	<u>5,722,510</u>
Total Net Position, Ending	<u>\$ 5,324,313</u>	<u>\$ 5,548,055</u>

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Received from Customers	\$ 1,175,179	\$ 1,089,673
Received for Meter Deposit Fees	4,285	5,285
Other Receipts	38,017	34,257
Payments for Operations	(539,588)	(545,230)
Payments to Employees	(405,851)	(388,363)
Net Cash Provided by Operating Activities	<u>272,042</u>	<u>195,622</u>
Cash Flows From Noncapital Financing Activities:		
Grants Received	-	104,851
Recovery of Bad Debts	3,863	2,208
Other Receipts	8,646	8,319
Net Cash Provided by Noncapital Financing Activities	<u>12,509</u>	<u>115,378</u>
Cash Flows From Capital and Related Financing Activities:		
Proceeds from Sale of Capital Acquisitions	3,806	-
(Payments for) Capital Acquisitions	(46,932)	(62,637)
Principal Proceeds from (Repayments for) Long-Term Debt	(119,283)	(115,200)
Interest Payments for Long-Term Debt	(151,693)	(155,778)
Net Cash Used in Capital and Related Financing Activities	<u>(314,102)</u>	<u>(333,615)</u>
Cash Flows From Investing Activities:		
Receipt of Interest	78,598	31,833
Net Cash Provided by Investing Activities	<u>78,598</u>	<u>31,833</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	49,047	9,218
Cash and Cash Equivalents, Beginning of Year	<u>1,467,553</u>	<u>1,458,335</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,516,600</u>	<u>\$ 1,467,553</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 338,296	\$ 404,530
Cash and Cash Equivalents, Restricted	<u>1,178,304</u>	<u>1,063,023</u>
Total Cash and Cash Equivalents	<u>\$ 1,516,600</u>	<u>\$ 1,467,553</u>

(CONTINUED)

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating Loss	\$ (168,231)	\$ (167,090)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	382,050	374,124
Impairment of Capital Assets	-	9,969
(Increase) Decrease in Accounts Receivable	45,634	(19,844)
(Increase) Decrease in Other Receivable	3,264	58
(Increase) Decrease in Inventory	(4,447)	(5,662)
(Increase) Decrease in Prepaid Insurance	(618)	(882)
Increase (Decrease) in Accounts Payable	11,861	15,080
Increase (Decrease) in Accrued Expenses	(1,756)	(15,416)
Increase (Decrease) in Customer Deposits	4,285	5,285
Net Cash Provided by Operating Activities	<u>\$ 272,042</u>	<u>\$ 195,622</u>

The accompanying notes are an integral part of this statement.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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 2,922 customers as of December 31, 2023, 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.

Governmental Accounting Standards Board (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

These financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 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, as amended, establishes standards for financial reporting, with presentation requirements including a statement of net position, 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 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 (CONTINUED)
DECEMBER 31, 2023 AND 2022

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*.

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 District did not have any deferred outflows or deferred inflows of resources at December 31, 2023, or December 31, 2022.

All activities of the District are accounted for in a single proprietary fund – the 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. The District’s Enterprise fund accounts for the operations of the District’s water utility system.

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 Revenues, Expenses, and Changes in Net Position includes all costs of providing goods and services during the period.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

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 proprietary funds. Operating expenses for proprietary 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.

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. State law limits the District to 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, having principal offices in Louisiana.

C. Investments

Investments are limited by State Law and the District's investment policy. Investments are reported at fair value, except nonparticipating investment contracts which are reported at cost, if any. The District had no investments at December 31, 2023 or 2022.

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 applicable bond covenants. Additionally, funds held for customers' 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

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2023 AND 2022

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	5 - 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. The District does not capitalize interest during the construction period on a prospective basis 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.

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*

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

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 had no debt refundings in the years ended December 31, 2023, and 2022. The District did not have any bond related costs in the year ending December 31, 2023, or 2022.

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. Net position should be reported as restricted when constraints placed on net position use are either: (a.) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b.) Imposed by law through constitutional provisions or enabling legislation.
- **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.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

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.

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.

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

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

	<u>2023</u>	<u>2022</u>
Demand Deposits	\$ <u>1,516,600</u>	\$ <u>1,467,553</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

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

custodial risk. At December 31, 2023, the District has \$1,574,240 in demand deposits (collected bank balances) for cash and cash equivalents, in one bank. The demand deposits are secured from risk by \$250,000 of federal deposit insurance and the remaining \$1,324,240 is secured from risk by pledged securities. The \$1,324,240 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).

At December 31, 2022, the District has \$1,493,245 in demand deposits (collected bank balances) for cash and cash equivalents, in one bank. The demand deposits are secured from risk by \$250,000 of federal deposit insurance and the remaining \$1,243,245 is secured from risk by pledged securities. The \$1,243,245 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).

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, 2023, and 2022.

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

Utility accounts receivable comprise the majority of proprietary fund receivables. The following is a summary of accounts receivables at December 31, 2023, and 2022:

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>	Increase (Decrease)
Accounts Receivable			
Current	\$ 61,370	\$ 70,310	\$ (8,940)
31-60 Days Past Due	22,377	20,119	2,258
61-90 Days Past Due	6,659	5,963	696
Over 90 Days Past Due	<u>(17,054)</u>	<u>1,925</u>	<u>(18,979)</u>
Subtotal	73,352	98,317	(24,965)
Allowance for Uncollectible Accounts	<u>(2,112)</u>	<u>(2,112)</u>	-
Net Accounts Receivable	<u>\$ 71,240</u>	<u>\$ 96,205</u>	<u>\$ (24,965)</u>

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 uncollectability. In 2023, the board authorized write-offs for the fiscal year of \$12,501 and \$10,068 in fiscal year 2022.

Other Receivables totaled \$53,042 for the year ending December 31, 2023, and \$76,975 for the year ending December 31, 2022, and include primarily estimated unbilled revenues (accrued billings). Accrued billings amounts were \$53,042 and \$73,711 at December 31, 2023, and 2022, respectively.

5. Restricted Assets

Restricted assets were applicable to the following sources at December 31, 2023, and 2022:

	<u>2023</u>	<u>2022</u>
Restricted Cash and Cash Equivalents		
Customer Deposits	\$ 125,625	\$ 121,340
Bond Reserve Account - Rural Utility Service -RUS	260,328	233,813
Bond Depreciation and Contingency Account - RUS	177,601	155,307
Bond Sinking Account - RUS	302,850	287,506
Bond Short Lived Assets	<u>311,900</u>	<u>265,057</u>
Total Restricted Assets	<u>\$ 1,178,304</u>	<u>\$ 1,063,023</u>

6. Capital Assets

A summary of changes in capital assets during the fiscal year ending December 31, 2023, is as follows:

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

	Beginning Balance 12/31/22	Additions and Reclassifications	Deletions and Reclassifications	Ending Balance 12/31/23
Capital Assets				
Building & Improvements	\$ 281,344	\$ -	\$ -	\$ 281,344
Equipment	187,510	22,860	-	210,370
Furniture and Fixtures	72,992	8,632	-	81,624
Vehicles	247,317	-	(49,263)	198,054
Utility System	14,316,848	-	-	14,316,848
Total Capital Assets being Depreciated	15,106,011	31,492	(49,263)	15,088,240
Less Accumulated Depreciation	(6,248,793)	(382,050)	49,263	(6,581,580)
Net Capital Assets being Depreciated	8,857,218	(350,558)	-	8,506,660
Land	57,231	-	-	57,231
Construction in Progress	161,392	15,440	-	176,832
Total Capital Assets, Net	<u>\$ 9,075,841</u>	<u>\$ (335,118)</u>	<u>\$ -</u>	<u>\$ 8,740,723</u>

Total Capital Assets decreased by \$335,118 for the fiscal year ending December 31, 2023. The decrease was primarily related to depreciation expense for the current year of \$382,050. These expenses were partially offset by the District's purchased capital asset additions of \$46,932 that included \$15,440 in construction in progress, \$22,860 in equipment and \$8,632 in furniture and fixtures.

The current year increase in construction in progress costs relates to CWF projects. The total CWF costs were for engineering, planning, and construction costs paid directly by the District. The accepted projects will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

During the current year, the District sold fully depreciated fixed assets in the current year for a gain of \$3,806.

A summary of changes in capital assets during the fiscal year ending December 31, 2022, is as follows:

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

	Beginning Balance 12/31/21	Additions and Reclassifications	Deletions and Reclassifications	Ending Balance 12/31/22
Capital Assets				
Building & Improvements	\$ 281,599	\$ 4,050	\$ (4,305)	\$ 281,344
Equipment	187,510	-	-	187,510
Furniture and Fixtures	17,764	55,228	-	72,992
Vehicles	243,958	3,359	-	247,317
Utility System	14,316,848	-	-	14,316,848
Total Capital Assets in Service	<u>15,047,679</u>	<u>62,637</u>	<u>(4,305)</u>	<u>15,106,011</u>
Less Accumulated Depreciation	(5,878,974)	(374,124)	4,305	(6,248,793)
Total Capital Assets being Depreciated	<u>9,168,705</u>	<u>(311,487)</u>	<u>-</u>	<u>8,857,218</u>
Land	57,231	-	-	57,231
Construction in Progress	171,361	-	(9,969)	161,392
Total Capital Assets, Net	<u>\$ 9,397,297</u>	<u>\$ (311,487)</u>	<u>\$ (9,969)</u>	<u>\$ 9,075,841</u>

Total Capital Assets decreased by \$321,456 for the fiscal year ending December 31, 2022, related primarily to depreciation expense for the year of \$374,124. This was partially offset by the District's purchased additions of \$62,637 that included \$55,228 in furniture and fixtures.

There were no increases in construction in progress costs related to any CWEF projects for the year ending December 31, 2022.

During the year ending December 31, 2018, the District began the Hwy 10 Water Tank Repainting Project. This project has subsequently remained in the design stages, and there had been no change to this project from the prior year. During the year ending December 31, 2022, it was determined that the current project will not proceed, and a new project design would be required should the repainting of the water tank be approved in the future. The District incurred an impairment loss of \$9,969 related to the decision not to proceed with this current project for the year ending December 31, 2022.

The District also had one disposal of a fully depreciated asset during the fiscal year ending December 31, 2022.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

7. Accounts Payable and Accrued Liabilities

Payables at December 31, 2023, and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Accounts Payable:		
Vendors	\$ 34,299	\$ 23,188
Accrued Audit Fees	12,500	12,500
Accrued Accounting Fees	17,750	17,000
Total Accounts Payable	<u>\$ 64,549</u>	<u>\$ 52,688</u>
Accrued Liabilities:		
Accrued Vacation Leave	\$ 8,871	\$ 10,793
Accrued Sick Leave	60,210	60,835
Accrued Wages	6,733	6,540
Other Accrued Liabilities	21,306	20,708
Total Accrued Liabilities	<u>\$ 97,120</u>	<u>\$ 98,876</u>

The District maintains a cash account, totaling \$76,524 at December 31, 2023, and \$72,620 at December 31, 2022, to fund the related accrued leave obligation of \$69,081 and \$71,628, 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 (CONTINUED)
DECEMBER 31, 2023 AND 2022

8. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2023:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Long-Term Debt					
1987 Water Revenue Bonds	\$ 65,974	\$ -	\$ 9,662	\$ 56,312	\$ 10,278
1994 Water Revenue Bonds	188,235	-	11,933	176,302	12,529
1999 Water Revenue Bonds	129,458	-	5,244	124,214	5,499
2000 Water Revenue Bonds	182,768	-	7,066	175,702	7,390
2013 Water Revenue Bonds	2,347,858	-	44,299	2,303,559	45,815
2016 Water Revenue Bonds	2,036,810	-	41,079	1,995,731	42,011
Total Long-Term Debt	<u>\$ 4,951,103</u>	<u>\$ -</u>	<u>\$ 119,283</u>	<u>\$ 4,831,820</u>	<u>\$ 123,522</u>

The following is a summary of long-term obligation transactions for the year ended December 31, 2022:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Long-Term Debt					
1987 Water Revenue Bonds	\$ 75,057	\$ -	\$ 9,083	\$ 65,974	\$ 9,662
1994 Water Revenue Bonds	199,599	-	11,364	188,235	11,933
1999 Water Revenue Bonds	134,459	-	5,001	129,458	5,244
2000 Water Revenue Bonds	189,523	-	6,755	182,768	7,065
2013 Water Revenue Bonds	2,390,689	-	42,831	2,347,858	44,297
2016 Water Revenue Bonds	2,076,976	-	40,166	2,036,810	41,078
Total Long-Term Debt	<u>\$ 5,066,303</u>	<u>\$ -</u>	<u>\$ 115,200</u>	<u>\$ 4,951,103</u>	<u>\$ 119,279</u>

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

Bonds payable balances as of December 31, 2023, are as follows:

	Bonds Payable End of Year	Due Within One Year
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%	\$ 56,312	\$ 10,278
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%	176,302	12,529
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%	124,214	5,499
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%	175,702	7,390
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%	2,303,559	45,815
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%	1,995,731	42,011
	\$ 4,831,820	\$ 123,522

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

The annual requirements to amortize all debt outstanding as of December 31, 2023, including interest payments of \$2,363,423 are as follows:

Year Ending 12/31/23	1987 Water Revenue Bonds \$198,000			1994 Water Revenue Bonds \$360,000			1999 Water Revenue Bonds \$200,000		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 10,278	\$ 3,590	\$ 13,868	\$ 12,529	\$ 8,815	\$ 21,344	\$ 5,499	\$ 5,782	\$ 11,281
2025	10,933	2,935	13,868	13,156	8,189	21,345	5,765	5,515	11,280
2026	11,630	2,238	13,868	13,814	7,531	21,345	6,045	5,235	11,280
2027	12,372	1,496	13,868	14,504	6,840	21,344	6,339	4,941	11,280
2028	11,099	709	11,808	15,229	6,115	21,344	6,647	4,633	11,280
2029 to 2033	-	-	-	88,360	18,362	106,722	38,398	18,002	56,400
2034 to 2038	-	-	-	18,710	936	19,646	48,668	7,732	56,400
2039 to 2043	-	-	-	-	-	-	6,853	115	6,968
2044 to 2048	-	-	-	-	-	-	-	-	-
2049 to 2053	-	-	-	-	-	-	-	-	-
2054 to 2058	-	-	-	-	-	-	-	-	-
	<u>\$ 56,312</u>	<u>\$ 10,968</u>	<u>\$ 67,280</u>	<u>\$ 176,302</u>	<u>\$ 56,788</u>	<u>\$ 233,090</u>	<u>\$ 124,214</u>	<u>\$ 51,955</u>	<u>\$ 176,169</u>

Year Ending 12/31/23	2000 Water Revenue Bonds \$278,000			2013 Water Revenue Bonds \$2,659,000		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 7,390	\$ 7,756	\$ 15,146	\$ 45,815	\$ 77,041	\$ 122,856
2025	7,729	7,416	15,145	47,385	75,471	122,856
2026	8,085	7,061	15,146	49,009	73,847	122,856
2027	8,456	6,690	15,146	50,689	72,167	122,856
2028	8,844	6,301	15,145	52,427	70,429	122,856
2029 to 2033	50,703	25,024	75,727	290,354	323,926	614,280
2034 to 2038	63,470	12,258	75,728	343,646	270,634	614,280
2039 to 2043	21,025	728	21,753	406,721	207,559	614,280
2044 to 2048	-	-	-	481,372	132,908	614,280
2049 to 2053	-	-	-	536,141	44,665	580,806
2054 to 2058	-	-	-	-	-	-
	<u>\$ 175,702</u>	<u>\$ 73,234</u>	<u>\$ 248,936</u>	<u>\$ 2,303,559</u>	<u>\$ 1,348,647</u>	<u>\$ 3,652,206</u>

Year Ending 12/31/23	2016 Water Revenue Bonds \$2,238,000			Total		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 42,011	\$ 44,473	\$ 86,484	\$ 123,522	\$ 147,457	\$ 270,979
2025	42,966	43,518	86,484	127,934	143,044	270,978
2026	43,943	42,541	86,484	132,526	138,453	270,979
2027	44,942	41,542	86,484	137,302	133,676	270,978
2028	45,964	40,520	86,484	140,210	128,707	268,917
2029 to 2033	245,977	186,443	432,420	713,792	571,757	1,285,549
2034 to 2038	275,237	157,183	432,420	749,731	448,743	1,198,474
2039 to 2043	307,977	124,443	432,420	742,576	332,845	1,075,421
2044 to 2048	344,612	87,808	432,420	825,984	220,716	1,046,700
2049 to 2053	385,607	46,814	432,421	921,748	91,479	1,013,227
2054 to 2058	216,495	6,546	223,041	216,495	6,546	223,041
	<u>\$ 1,995,731</u>	<u>\$ 821,831</u>	<u>\$ 2,817,562</u>	<u>\$ 4,831,820</u>	<u>\$ 2,363,423</u>	<u>\$ 7,195,243</u>

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

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 \$150,424 for the year ending December 31, 2023, and \$154,576 for the year ending December 31, 2022. The gross water sales revenue recognized during the current fiscal year was \$997,263 and \$986,685 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.

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 \$302,850 at December 31, 2023, and \$287,506 at December 31, 2022.

Debt Service Reserve Fund

- a. 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.
- b. 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

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

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 V 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." 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 2023 and 2022, per USDA requirement.

- c. The twelve required monthly payments to the "Revenue Bond Reserve Fund" were made for the year 2023 and 2022 with a balance maintained of \$260,328 at December 31, 2023, compared to a balance of \$233,813 at December 31, 2022.
- d. The twelve required monthly payments to the "Depreciation & Contingency Fund" were made for the year 2023 and 2022. The balance in the "Depreciation and Contingency Fund" at December 31, 2023, was \$177,601, compared to \$155,307 at December 31, 2022.
- e. 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

- a. 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 2023 and 2022. The balance at December 31, 2023, was \$311,900, compared to \$265,057 at December 31, 2022.

10. Restricted Net Position

At December 31, 2023, Waterworks District No. 2 of St. Helena Parish has \$1,037,667 in Restricted Net Position, restricted for debt service, compared to \$925,402 at December 31, 2022. This represents the District's funds restricted by revenue bond debt covenants, contracts with customers for 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, 2023, or 2022.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

12. Deferred Compensation Plan

On November 12, 2009, the Board of Commissioners of the Waterworks District No. 2 of St. Helena Parish 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, 2023, the aggregate account balance of employees of Waterworks District No. 2 of St. Helena Parish participating in the plan was \$512,568 or the fiscal year ending December 31, 2023, compared to \$446,953 for the fiscal year ending December 31, 2022. Employer contributions for the fiscal year ending December 31, 2023, totaled \$20,170, compared to \$21,763 for the fiscal year ended December 31, 2022. The District has no financial or fiscal responsibility to the deferred compensation plan. There was no liability outstanding at year end 2023 or 2022. Employees are 100% vested in contributions and as such there are no forfeitures reflected in the expense.

13. Subsequent Events

Subsequent events have been evaluated by management through June 25, 2024, the date the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2023.

OTHER SUPPLEMENTARY INFORMATION

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 31, 2023

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Operating Revenues:			
Water Sales	\$ 1,054,000	\$ 997,263	\$ (56,737)
Service and Connection Fees	85,000	83,575	(1,425)
Late Payment Penalties	37,000	36,206	(794)
Other	34,650	34,753	103
Total Operating Revenues	<u>1,210,650</u>	<u>1,151,797</u>	<u>(58,853)</u>
Operating Expenses:			
Advertising	500	260	240
Bad Debts	12,500	12,501	(1)
Postage	14,500	14,288	212
Chemicals/Treatment	37,000	37,562	(562)
Deferred Compensation	22,200	20,170	2,030
Depreciation	414,000	382,050	31,950
Director's Expense	4,740	4,740	-
Educational Expense	1,500	985	515
Employee Insurance	16,000	15,932	68
Fuel	2,650	49	2,601
Insurance	63,000	62,574	426
Meter Installations	22,000	23,037	(1,037)
Other	37,254	38,130	(876)
Payroll Taxes	29,600	28,467	1,133
Professional Fees:			
Accounting	17,500	17,975	(475)
Auditing	12,500	12,500	-
Legal Fees	400	383	17
Engineering Fees	1,000	5,778	(4,778)
Repairs and Maintenance	95,000	97,301	(2,301)
Salaries and Wages	370,000	361,452	8,548
Software - Maintenance Costs	2,250	2,250	-
Supplies - Office	8,000	6,597	1,403
Supplies - Water System	42,500	37,912	4,588
Telephone	10,500	11,044	(544)
Travel	200	199	1
Utilities	82,500	90,132	(7,632)
Vehicle Expenses	34,000	35,760	(1,760)
Total Operating Expenses	<u>1,353,794</u>	<u>1,320,028</u>	<u>33,766</u>
Operating Income (Loss)	<u>(143,144)</u>	<u>(168,231)</u>	<u>(25,087)</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 31, 2023

	<u>2023</u>	<u>2023</u>	<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
Nonoperating Revenues (Expenses):			
Interest Income	72,000	78,598	6,598
Interest Expense	(156,000)	(150,424)	5,576
Gain on Disposition of Capital Assets	-	3,806	3,806
Bad Debt Recovery	2,600	3,863	1,263
Other Income	10,900	8,646	(2,254)
Total Nonoperating Revenues (Expenses)	<u>(70,500)</u>	<u>(55,511)</u>	<u>14,989</u>
Income (Loss) Before Contributions and Transfers	<u>(213,644)</u>	<u>(223,742)</u>	<u>(10,098)</u>
Change in Net Position	<u>(213,644)</u>	<u>(223,742)</u>	<u>(10,098)</u>
Total Net Position, Beginning	<u>5,548,055</u>	<u>5,548,055</u>	<u>-</u>
Total Net Position, Ending	<u>\$ 5,334,411</u>	<u>\$ 5,324,313</u>	<u>\$ (10,098)</u>

See Independent Auditor's Report.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
SCHEDULE OF INSURANCE COVERAGES
FOR THE YEAR ENDED DECEMBER 31, 2023

Insurance Company / Policy Number	Coverage	Amount	Period
Midvale Indemnity Company			
Policy # APWMP00484-01	Commercial General Liability:		1/22/2023 to 1/22/2024
	Aggregate Policy Limit	\$ 3,000,000	
	Per Occurance	1,000,000	
	Personal Injury and Advertising Injury	1,000,000	
	Damage to Rented Property	1,000,000	
	Wrongful Acts:		1/22/2023 to 1/22/2024
	Per Claim	1,000,000	
	Aggregate	3,000,000	
	Crime Coverage :		1/22/2023 to 1/22/2024
	Employee Theft Coverage per occurrence	250,000	
	Forgery or Alteration Coverage per occurrence	250,000	
	Theft - Inside per occurrence	250,000	
	Robbery - Inside per occurrence	5,000	
	Theft - Outside per occurrence	250,000	
	Computer Fraud Coverage per occurrence	100,000	
	Funds Transfer Fraud/Money Order Coverage per occurrence	100,000	
	Property Coverage:		1/22/2023 to 1/22/2024
	Real Property & Business Personal Property, as scheduled	3,063,714	
	Mobile Equipment	79,800	
Policy # APWXS00484-01	Commercial Excess Liability:		1/22/2023 to 1/22/2024
	Per Claim	2,000,000	
	Aggregate	2,000,000	
	Business Auto Liability:		1/22/2023 to 1/22/2024
	Bodily Injury and Property Damage	1,000,000	
	Commercial General Liability:		1/22/2023 to 1/22/2024
	Per Claim	1,000,000	
	Aggregate	3,000,000	
	Employment Practices Liability:		1/22/2023 to 1/22/2024
	Per Claim	1,000,000	
	Aggregate	3,000,000	
Midvale Indemnity Company			
Policy # APWAU00484-01	Business Auto Coverage:		1/22/2023 to 1/22/2024
	Combined Single Limit Liability	1,000,000	
	Uninsured Motorists Coverage	1,000,000	
	Comprehensive and Collision Coverage, as Scheduled	Scheduled	
Louisiana Workers' Compensation 17223-S	Workmen's Compensation at statutory limits Employer's Liability	1,000,000	4/17/2023 to 4/17/2024

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, 2023

<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	\$ 1,020	7/26/24
Lea Vern Sims, Vice President (225) 222-4367	1595 Pumping Station Rd Greensburg, LA 70441	1,020	7/26/28
Lee Warner, Secretary-Treasurer (985) 974-3101	1001 Hwy 441 Holden, LA 70744	840	7/26/26
Terry Addison, Board Member (225) 278-2947	P.O. Box 52 Greensburg, LA 70441	960	7/26/25
James Baker, Board Member (985) 517-1248	936 McDaniel Rd Amite, LA 70422	900	7/26/27
		<u>\$ 4,740</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, 2023

Agency Head Name: Wilbert Knox, President

<u>Purpose</u>	<u>Compensation Received</u>
Per Diem - Board Member	\$ 1,020

See Independent Auditor's Report.

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

SCHEDULE OF WATER RATES

FOR THE YEAR ENDED DECEMBER 31, 2023

Water	
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.

Schedule 6

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH

SCHEDULE OF WATER CUSTOMERS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Customers			
Residential	2,853	2,805	48
Commercial and Dairy	69	72	(3)
Total Customers	<u>2,922</u>	<u>2,877</u>	<u>45</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

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June 25, 2024

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, 2023 and 2022 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 25, 2024.

Report on 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*.

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 25, 2024

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, 2023**

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, 2023, and have issued my report thereon dated June 25, 2024. 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, 2023, 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

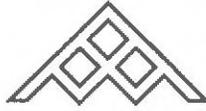
Compliance

Noncompliance material to financial
statements noted? Yes No

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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, 2023 through December 31, 2023. 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, 2023 through December 31, 2023. 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:

1) Written Policies and Procedures

- A. 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:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

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

Statewide Agreed-Upon Procedures
(continued)

- ii. **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.

- iii. **Disbursements**, including processing, reviewing, and approving.

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

- iv. **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.

- v. **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 rates of pay or approval and maintenance of pay rate schedules.

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

- vi. **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.

- vii. **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 is addressed in the District's Financial and Operating Procedures Manual.

- viii. **Credit Cards (and debit cards, fuel cards, purchase 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).

Statewide Agreed-Upon Procedures
(continued)

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

- ix. **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.

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

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

- xi. **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.

- xii. **Prevention of 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.

2) Board or Finance Committee

- A. 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:
 - i. 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.

Statewide Agreed-Upon Procedures
(continued)

- ii. 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 comparisons, at a minimum, on proprietary funds, and semi-annual budget- to- actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit 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.*

The budget to actual comparison is required to be presented to the board quarterly.

The first quarter was presented on August 10, 2023, the second quarter was presented on September 14, 2023, the third quarter was presented on December 13, 2023 and the fourth quarter was presented with the annual compilation on June 4, 2024

- iii. 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.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No prior audit findings.

3) Bank Reconciliations

- A. 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:
 - i. 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);

The bank reconciliations on the selected accounts were done within the two (2) month period and approved by the board.

Statewide Agreed-Upon Procedures
(continued)

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- iii. 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.

4) Collections (excluding electronic funds transfers)

- A. 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 (office) and obtained management's representation that the listing is complete.

- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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 has two (2) collection locations and obtained management's representation that the listing is complete.

- i. 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.

- ii. Each employee responsible for collecting cash is not also 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 responsible for preparing/making bank deposits, however, management is responsible for reconciling documentation to the deposits.

Statewide Agreed-Upon Procedures
(continued)

- iii. Each employee responsible for collecting cash is not also 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; and

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

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

No exceptions noted.

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

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

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:

- i. Observe that receipts are sequentially pre-numbered.

The District uses the customer billing card as the receipt with customer assigned account numbers.

- ii. 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.

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

No exceptions noted.

Statewide Agreed-Upon Procedures
(continued)

- iv. Observe that 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.

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

No exceptions noted.

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

- A. 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).

- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

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

- ii. 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.

- iii. 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 and board.

Statewide Agreed-Upon Procedures
(continued)

- iv. 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; and

After the two board members sign the checks, they are given to the manager to mail.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions noted.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A 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

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity.

No exceptions noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

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

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

The electronic disbursement was approved by the board at the month meeting.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase card(s) 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 a list of the two (2) debit cards for the two (2) employees and management's representation the list was complete.

- B. 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

- i. 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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

Approved by board at monthly meetings.

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

No late fees were incurred on the selected statements.

- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that 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 observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions noted.

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

A. 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 and 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

- i. If reimbursed using a per diem, observe that 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);

Actual expenses were reimbursed.

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

No exceptions noted.

- iii. Observe that 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 Policies and Procedures procedure #1A(vii); and

No exceptions noted.

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

No exceptions noted.

8) Contracts

A. 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. *Alternatively, 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 had two (2) professional service agreements.

Statewide Agreed-Upon Procedures
(continued)

- i. 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.

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

Approved by the board.

- iii. If the contract was amended (e.g., change order), observe that 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, the documented approval); and

Not applicable.

- iv. Randomly select one payment from the fiscal period for each of the 2 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

9) Payroll and Personnel

- A. 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 list of employees and management's representation the listing is complete. Selected five (5) employees and matched salaries to personnel records.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exceptions noted.

Statewide Agreed-Upon Procedures
(continued)

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions noted.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

- C. 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 and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

There were three (3) employees with termination payments. Two were selected with no exceptions.

- D. 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.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

The five employees completed one (1) hour of ethics training.

Statewide Agreed-Upon Procedures
(continued)

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

No change in policy.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Manager is the ethics designee.

11). Debt Service

- A. 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 that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

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

- B. 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.

12). Fraud Notice

- A. 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 as required by R.S. 24:523.

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

- B. Observe that 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.

13). *Information Technology Disaster Recovery/Business Continuity*

A. Perform the following procedures, verbally discuss the results with management, and report “I performed the procedure and discussed the results with management.”

- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

Backups have been done daily on file server on external drive on-site. Billing software and QuickBooks files are stored off-site when work is completed.

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

Management reviews backup data from the server.

- iii. 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.

I performed the procedure regarding information technology/disaster recovery business continuity and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Of the three (3) employees selected, none had access to computers.

Statewide Agreed-Upon Procedures
(continued)

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267 (25). The requirements are as follows:

Hired before June 9, 2020 – completed the training; and
Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

Only one of the five (5) selected employees would be required to have the cybersecurity training. That employee has not obtained the training.

14). Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

All five (5) employees had the sexual harassment training.

- B. Observe that 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).

Posted on bulletin board in management's office.

- C. 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 that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

Eleven completed training which would be 100%.

- ii. Number of sexual harassment complaints received by the agency;

None.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

None.

Statewide Agreed-Upon Procedures
(continued)

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

None.

- v. Amount of time it took to resolve each complaint.

Not applicable.

I was 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 SAUP's. 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 25, 2024

**MANAGEMENT'S RESPONSE TO EXCEPTIONS
STATEWIDE AGREED-UPON PROCEDURES**

WATERWORKS DISTRICT NO. 2 OF ST. HELENA PARISH
For the Year Ended December 31, 2023

Management's Response to exceptions to statewide agree-upon procedure sections:

2) *Board or Finance Committee*

- ii. 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 funds. *Alternatively, for those entities reporting on the not-for-profit 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.*

The budget to actual comparison is required to be presented to the board quarterly. The first quarter was presented on August 10, 2023, the second quarter was presented on September 14, 2023, the third quarter was presented on December 13, 2023 and the fourth quarter presented with the annual compilation on June 4, 2024.

Management's Response: Management will attempt to present the Budget Comparison on a more timely basis.

13). *Information Technology Disaster Recovery/Business Continuity*

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267 (25). The requirements are as follows:

Of the five (5) selected employees, only one would be required to have the cybersecurity training. That employee has not obtained the training.

Management's Response: The required training will be obtained.