

WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019



WATERWORKS DISTRICT NO.1 OF POINTE COUPEE PARISH, LA

105 GISELE STREET

NEW ROADS, LA 70760

(225) 638-4501

COMMISSIONERS

John Smith. Chairman

Hilliard Caldwell

Randall Jarreau

Ray Jarreau

Ashley Bonds

MEETING DATE:

2nd Monday of Every Month
6:00 PM – Courthouse – New Roads, LA



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WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

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Board of Directors
Waterworks District No. 1 of Pointe Coupee Parish, LA
New Roads, Louisiana

We have audited the accompanying financial statements of the business-type activities of Waterworks District No. 1 of Pointe Coupee Parish, Louisiana, (a component unit of the Parish of Pointe Coupee) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Waterworks District No. 1 of Pointe Coupee Parish, Louisiana, as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have

applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterworks District No. 1 of Pointe Coupee Parish, Louisiana's basic financial statements. The supplementary schedule of compensation, reimbursements, benefits and other payments to agency head, political subdivision head, or chief executive officer (page 25) is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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CPAs & Financial Advisors
Baton Rouge, Louisiana
October 12, 2021



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Waterworks District No. 1 of Pointe Coupee Parish, LA

Management's Discussion and Analysis

December 31, 2020

INTRODUCTION

This annual report consists of –

- Our independent auditors' report on the financial statements in which they rendered an unmodified opinion.
- Management's discussion and analysis which provides in plain language an overview of our financial activities for the year.
- The basic financial statements which consists of proprietary fund financial statements, and the notes to those financial statements.
- Supplementary information required by Louisiana Legislative Auditor.
- Our independent auditors' report on the District's compliance with laws and regulations and how management applied internal controls over its financial operations. The results of those tests and observations did not indicate any violations that they considered to be in noncompliance or conditions that required to be disclosed that could affect our operations.

Management's Discussion and Analysis

As management of the District, we are pleased to provide an overview of our financial activities for the year ended December 31, 2020. The intended purpose of the Management Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations of significant economic factors, and the status of infrastructure and its effects on our debt and operation. When referring to prior years data in this analysis we will be drawing upon information from last year's audited financial report.

Financial Highlights

- The District's net position increased by \$89,927 from \$1,243,954 in 2019 to \$1,333,881 in 2020.
- Utility operating revenues increased by \$45,721 from \$457,588 in 2019 to \$503,309 in 2020.
- Unrestricted cash increased by \$103,282 for the year ended December 31, 2020.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which are comprised of three components: (1) proprietary fund financial statements, (2) notes to the financial statements, and (3) other required supplementary information in addition to the basic financial statements themselves required by Louisiana Legislative Auditor.

Financial Statements

The District's Financial Statements report functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). When the District charges customers for the services it provides these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position.

The Financial Statements, presented on pages 8 through 10, are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Notes to the Financial Statements

The notes, presented on pages 11 through 21, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are a required part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information required by the Louisiana Legislative Auditor, on page 26.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At the end of the most recent year, the assets of the District exceeded its liabilities and deferred inflows of resources by \$1,333,152 at December 31, 2020.

The District's total assets are composed of \$555,543 (23%) in unrestricted cash and receivables, \$1,665,336 (66%) investment in capital assets (land, buildings, utility systems, vehicles and equipment, etc.), and \$284,369 (11%) in restricted cash. The District uses these capital assets to provide various services to residents and businesses in the incorporated area, these assets are not available for future spending.

Statement of Net Position

	<u>Total</u>	<u>Total</u>	<u>% Change</u>
	2020	2019	
Current and other assets	\$ 839,822	\$ 749,998	12.0%
Capital assets	<u>1,665,336</u>	<u>1,749,607</u>	-4.8%
Total assets	<u>2,505,158</u>	<u>2,499,605</u>	0.2%
Current and other liabilities	407,230	413,619	-1.6%
Long-term debt	<u>742,000</u>	<u>821,000</u>	-9.6%
Total liabilities	<u>1,149,230</u>	<u>1,234,619</u>	-6.9%
Deferred Inflows of Resources	<u>22,047</u>	<u>21,032</u>	4.8%
Net position –			
Invested in capital assets, net of related debt	844,336	851,607	0.9%
Restricted	114,906	116,613	-1.5%
Unrestricted	<u>374,639</u>	<u>275,734</u>	-35.9%
Total net position	<u>\$ 1,333,881</u>	<u>\$ 1,243,954</u>	7.2%

Changes in Net Position

	Total 2020	Total 2019	% Change
Revenues:			
Charges for services	\$ 503,309	\$ 457,588	10.0%
Tax Revenues	94,847	106,163	-10.7%
Other Revenues	-	50,000	-100.0%
Interest Income	525	2,065	-74.6%
Total revenues	<u>598,681</u>	<u>615,816</u>	-2.8%
Functions/Program expenses –			
Taxes, Licenses, and Permits	-	689	-100.0%
Administrative	13,317	11,183	19.1%
Professional fees	77,092	84,759	-16.7%
Utility operator	164,022	154,857	5.7%
Maintenance	107,398	94,928	13.0%
Utilities	19,485	19,140	1.7%
Insurance	9,755	9,216	5.8%
Depreciation	94,270	87,241	8.1%
Interest on long-term debt	21,524	23,468	-0.2%
Interest on deposit accounts	1,891	1,492	-26.7%
Total expenses	<u>508,754</u>	<u>486,972</u>	4.5%
Increase in net position	89,927	128,844	-30.2%
Beginning net position	<u>1,243,954</u>	<u>1,115,110</u>	11.6%
Ending net position	<u>\$ 1,333,881</u>	<u>\$ 1,243,954</u>	7.2%

Capital Assets

At December 31, 2020 and 2019, the District had \$3,294,771 and \$3,284,772 respectively, invested in a broad range of capital assets, including land, buildings, utility systems, vehicles, and equipment.

During 2020, the District made \$9,094 in improvements and additions to the water system and purchased \$10,000 in land.

Further detail on capital assets is presented in Note 3 on page 16.

	Business-type Activities	
	2020	2019
Land	\$ 25,000	\$ 15,000
Buildings & Improvements	22,826	22,826
Machinery & Equipment	79,047	79,047
Utility Property	3,167,898	3,167,899
Less Accumulated Depreciation	<u>(1,629,435)</u>	<u>(1,535,165)</u>
Totals	<u>\$ 1,665,336</u>	<u>\$ 1,749,607</u>

Economic Factors and Utility Rates

The District relies on user charges for the operations; therefore, activities are impacted by the number of users served and the consumption of water.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Edward Merrick, CPA at (225) 638-4501 or write to the District at 105 Gisele Street, New Roads, Louisiana 70760.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



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Waterworks District No. 1 of Pointe Coupee Parish, LA
STATEMENTS OF NET POSITION

	December 31,	
	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 436,370	\$ 333,088
Accounts Receivable (net of allowance of \$26,323 and \$21,582)	27,859	40,008
Tax Revenues Receivable	85,388	85,388
Prepaid Expenses	5,836	5,618
TOTAL CURRENT ASSETS	555,453	464,102
RESTRICTED ASSETS:		
Customer Meter Deposits	169,463	169,283
Debt Service Reserves	10,304	11,270
Restricted Reserves	104,602	105,343
TOTAL RESTRICTED RESERVES	284,369	285,896
NON-CURRENT ASSETS:		
Capital Assets (nondepreciable)	25,000	15,000
Capital Assets (net of accumulated depreciation)	1,640,336	1,734,607
TOTAL NON-CURRENT ASSETS	1,665,336	1,749,607
TOTAL ASSETS	\$ 2,505,158	\$ 2,499,605
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accounts Payable	\$ 27,046	\$ 40,773
Due to Related Party	8,159	8,261
Current Portion of Long-Term Debt	79,000	77,000
Accrued Interest Payable	10,304	11,272
TOTAL CURRENT LIABILITIES	124,509	137,306
NON-CURRENT LIABILITIES:		
Consumer Meter Deposits Payable	282,721	276,313
Long-Term Debt (net of current portion)	742,000	821,000
TOTAL NON-CURRENT LIABILITIES	1,024,721	1,097,313
TOTAL LIABILITIES	\$ 1,149,230	\$ 1,234,619
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unearned Water Sales	\$ 22,047	\$ 21,032
<u>NET POSITION</u>		
NET POSITION:		
Invested in Capital Assets	\$ 844,336	\$ 851,607
Restricted -Debt Service	10,304	11,270
Restricted - Reserve Fund	104,602	105,343
Unrestricted - Undesignated	374,639	275,734
TOTAL NET POSITION	\$ 1,333,881	\$ 1,243,954

(See Accompanying Notes to Financial Statements)

Waterworks District No. 1 of Pointe Coupee Parish, LA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	For the Year Ended December 31,	
	2020	2019
OPERATING REVENUES:		
General Revenues		
Ad Valorem Taxes	\$ 94,847	\$ 106,163
Other Revenues from Related Governmental Entity	-	50,000
Charges for Services		
Water Charges	503,309	457,588
TOTAL OPERATING REVENUES	598,156	613,751
 OPERATING EXPENSES:		
Accounting and Billing Fees	65,955	65,399
Board Member Compensation and Travel Reimbursements	6,538	6,200
Chemicals	24,305	20,335
Depreciation	94,270	87,241
Grass Cutting	2,370	2,200
Insurance	9,755	9,216
Meter Readers	23,710	26,338
Miscellaneous	4,781	3,348
Professional and Technical Services	10,066	19,360
Publishing	3,069	1,634
Repairs, Maintenance and Supplies	57,013	46,055
Taxes and Licenses	-	689
Utilities	19,485	19,140
Utility Operator	164,022	154,857
TOTAL OPERATING EXPENSES	485,339	462,012
NET OPERATING INCOME	112,817	151,739
 NONOPERATING REVENUES (EXPENSES):		
Interest Income	525	2,065
Interest Paid on Customer Deposits	(1,891)	(1,492)
Interest on Long-Term Debt	(21,524)	(23,468)
TOTAL NONOPERATING (EXPENSES) REVENUES	(22,890)	(22,895)
CHANGE IN NET POSITION	89,927	128,844
NET POSITION - BEGINNING	1,243,954	1,115,110
NET POSITION - ENDING	\$ 1,333,881	\$ 1,243,954

(See Accompanying Notes to Financial Statements)

Waterworks District No. 1 of Pointe Coupee Parish, LA
STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers	\$ 516,473	\$ 452,974
Payments to Suppliers	(405,014)	(394,974)
Tax Revenues Received from Local Government	94,847	128,807
Funds Received from Related Entity for System Improvements	-	50,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	206,306	236,807
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Meter Deposits Received net of Refunds	6,408	3,629
Due to Related Party	(102)	1,452
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	6,306	5,081
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of Capital Assets	(9,999)	(157,807)
Principal Paid on Capital Debt	(77,000)	(75,000)
Establishment of Acquisition Holdback	-	(15,000)
Interest Paid on Capital Debt	(22,492)	(24,408)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(109,491)	(272,215)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Paid on Deposit Accounts	(1,891)	(1,492)
Interest Income Received	525	2,065
NET CASH USED IN INVESTING ACTIVITIES	(1,366)	573
NET (DECREASE) INCREASE IN CASH	101,755	(29,754)
CASH - BEGINNING OF YEAR	618,984	648,738
CASH - END OF YEAR	\$ 720,739	\$ 618,984

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating Income	\$ 112,817	\$ 151,739
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	94,270	87,241
Bad Debt Expense	4,741	3,627
Change in assets and liabilities		
Decrease (Increase) in ad valorem taxes receivable	-	22,644
Increase (Decrease) in accounts receivable, net	7,408	(10,673)
Increase in prepaid expenses	(218)	(384)
Decrease in accounts payable	(13,727)	(19,819)
Increase (Decrease) in unearned water charges	1,015	(19,819)
Net cash provided by operating activities	\$ 206,306	\$ 214,556

(See Accompanying Notes to Financial Statements)

WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA

NOTES TO BASIC FINANCIAL STATEMENTS

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WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The Waterworks District No. 1 of Pointe Coupee Parish, LA (the “District”) was created by an ordinance of the Pointe Coupee Parish Police Jury under the authority of the provisions of Article VI, Section 19 of the 1974 Louisiana Constitution and R.S. 33:3811 et seq. The District provides potable water to portions of the Parish of Pointe Coupee. The District is governed by a board of five commissioners, who are residents of the District, appointed by the Pointe Coupee Parish Police Jury under the authority of R.S. 33:3813. All commissioners serve at the pleasure of the governing authority of the parish.

Financial Reporting Entity

The District is a component unit of the Parish of Pointe Coupee, the financial reporting entity. The Parish of Pointe Coupee is financially accountable for the District because it appoints a voting majority of the Board and has the ability to impose its will on the District. The District is economically dependent on the Parish of Pointe Coupee.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish of Pointe Coupee, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Basis of Presentation

The accompanying component unit financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Financial Statements

The District has adopted the provisions of Statement No. 34 (“Statement 34”) of the Governmental Accounting Standards Board *“Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments”*. This statement provides that special purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds.

The District is a special purpose government engaged only in business-type activities.



WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For these governments, basic financial statements and required supplemental information (RSI) consist of:

- Management's discussion and analysis (MD&A)
- Statements of net position
- Statements of revenues, expenses, and changes in net position
- Statements of cash flows
- Notes to the financial statements
- RSI other than MD&A, if applicable

Fund Accounting

The District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, deferred inflows, deferred outflows, net position, and revenues and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The City reports an Enterprise fund type.

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The Water Enterprise fund operates the City's water distribution system, which primarily serves Pointe Coupee Parish residents.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Business-type activities in the proprietary fund financial statements are presented on the accrual basis of accounting. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred. Non-exchange revenues, including grants, are reported when all eligibility requirements have been met.

WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Proprietary fund net positions are divided into three components:

Invested in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of borrowings that are attributable to the acquisition, construction, or improvement of those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position – This component of net position consists of assets that are restricted by FRWW's creditors, by the state enabling legislation, by grantors, and by other contributors. This includes cash reserve funds as required by the loan agreements with USDA and cash for customer deposits.

Unrestricted net position - This component of net position consists of net position that do not meet the definition of "restricted" or "invested in capital assets."

Operating Revenues and Expenses

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the District consists of water sales to residential and commercial users, including penalty charges, connection fees, and late charges. Operating expenses for the District include the cost to distribute water, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Deferred Inflows of Resources

The District's statements of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to future periods. Deferred inflows of resources are reported in the statements of net position for unearned water revenue. The District will not recognize the related revenues until they are available under accrual basis accounting.

Fair Value Financial Statements

The carrying value of cash, accounts receivable and operating liabilities approximate fair value due to the short-term maturity of these instruments.

WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents, and Investments

Cash includes amounts in interest-bearing demand deposit accounts. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana and investments in United States bonds, treasury notes and bills.

Cash is classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market value. As of December 31, 2020 and 2019 the District has no cash equivalents.

Restricted Assets

Restricted assets on the balance sheet represents funds held for customer deposits and accounts required by the bonds payable agreement (reserve account, debt service fund account and construction account).

Accounts Receivable and Bad Debts

Accounts receivable represent amounts owed to the District from customer water usage net of the allowance for doubtful accounts. The District establishes an allowance equal to account balances of terminated customers with accounts over 60 days past due.

The District requires a deposit on account from its customers as a source of collateral.

Capital Assets

Additions to the utility plant in service are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on depreciable property using the straight-line method. Estimated useful lives are as follows:

Water System	10 – 50 Years
Buildings & Improvements	20 Years
Machinery & Equipment	5 – 10 Years
Vehicles	5 Years

WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts and depreciation.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward unrestricted resources and then toward restricted resources.

Concentration of Credit Risk

The District extends credit to its customers, including governmental agencies, private homeowners and businesses. Although the majority of these customers are located in Pointe Coupee Parish, Louisiana, the District does not believe that it is exposed to any significant credit risk in connection with the extension of credit to its customers.

NOTE 2 – CASH

The following is a summary of cash at December 31, 2020

	<u>Cash</u>
Deposits in bank accounts	\$ 604,742
Bank balances exposed to custodial credit risk:	
a) Uninsured and collateralized with securities held by the pledging institution	216,412
b) Uninsured and uncollateralized	138,330

These deposits are stated at cost, which approximates market. Under state statutes, these deposits 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.

WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>01/01/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2020</u>
Land	\$ 15,000	\$ 10,000	\$ -	\$ 25,000
Buildings & Improvements	22,826	-	-	22,826
Machinery & Equipment	79,047	-	-	79,047
Utility Property	<u>3,167,899</u>	<u>9,094</u>	<u>-</u>	<u>3,167,898</u>
	3,284,772	\$ 157,807	\$ -	3,294,771
Accumulated depreciation	<u>(1,535,165)</u>	<u>\$ (94,270)</u>	<u>\$ -</u>	<u>(1,629,435)</u>
	<u>\$ 1,749,607</u>			<u>\$ 1,665,336</u>

	<u>01/01/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2019</u>
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Buildings & Improvements	22,826	-	-	22,826
Machinery & Equipment	79,047	-	-	79,047
Utility Property	<u>3,010,092</u>	<u>157,807</u>	<u>-</u>	<u>3,167,899</u>
	3,126,965	\$ 157,807	\$ -	3,284,772
Accumulated depreciation	<u>(1,447,924)</u>	<u>\$ 87,241</u>	<u>\$ -</u>	<u>(1,535,165)</u>
	<u>\$ 1,679,041</u>			<u>\$ 1,749,607</u>

NOTE 4 – BONDS PAYABLE

The District's long term debt consists of a bond payable to Hancock Bank. During the year ended December 31, 2019, the District issued refunding revenue bonds, paid off the outstanding revenue bonds, and placed the remaining proceeds in a restricted account to be used for a construction project on the water system. The following summarizes debt transactions for the year ended December 31, 2020:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>01/01/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2020</u>	<u>One Year</u>
\$1,046,000 Revenue	<u>\$ 898,000</u>	<u>\$ -</u>	<u>\$ (77,000)</u>	<u>\$ 821,000</u>	<u>\$ 79,000</u>

WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 4 – BONDS PAYABLE (CONTINUED)

Long-term debt obligations for the District at December 31, 2020 are comprised of the following:

\$1,046,000 Waterworks Revenue Refunding Bonds, Series 2016, dated April 19, 2016, bearing interest at 2.51% per annum with semi-annual interest payments due November 1 of each year and principal and interest installments at various amounts due July 1 of each year starting July 1, 2016 with the last payment due July 1, 2029. The bonds are callable for redemption at the option of the issuer in full or in part at any time on or after July 4, 2026.

	<u>\$ 821,000</u>
Total	<u>\$ 821,000</u>

The annual requirements to amortize debt outstanding at December 31, 2020, are as follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 79,000	\$ 20,607	\$ 99,607
2022	82,000	18,624	100,624
2023	84,000	16,566	100,566
2024	87,000	14,458	101,458
2025	90,000	12,274	102,274
2026-2029	399,000	25,526	424,526
	<u>\$ 821,000</u>	<u>\$ 108,055</u>	<u>\$ 929,055</u>

Bond Restrictions:

In accordance with the indentures governing the bonds, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability to be serviced by the earnings of the District. Deposits are made to these trust accounts in accordance with the requirements as follows: The District is required to maintain, with the bank that is the paying agent for the bond, a "Reserve Fund" with a minimum of \$104,600 and a "Sinking Fund" with monthly transfers into the account equal to 1/6th of the next scheduled interest payment and 1/12th of the next scheduled principal payment.

WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 5 – CONTINGENCIES

Litigation - There is no pending litigation against the District.

Environmental Contingencies - Management of the District is not aware of any unrecorded material environmental commitments or contingent environmental liabilities. Environmental contingencies have been mitigated by testing of the water systems on a regular basis and providing the test results to the proper environmental authorities.

NOTE 6 – COMPENSATION PAID TO BOARD MEMBERS

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to the board members is as follows:

	<u>2020</u>
Ashley Bonds	\$ 1,100
Hillard Caldwell	1,100
Randall Jarreau	1,200
Ray Jarreau	1,200
John Smith	<u>1,600</u>
	<u>\$ 6,200</u>

NOTE 7 – AD VALOREM TAXES

The 1974 Louisiana Constitution (Article 7, Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the Police Jury on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the Assessor is subject to review and certification by the Louisiana Tax Commission. The Assessor is required to reappraise all property subject to taxation at intervals of not more than four years. Taxes paid under protest are remitted by the Sheriff directly to the Police Jury. No amounts were held in protest at December 31, 2020. The Sheriff, as provided by State Law (LRS 33:1435), is the official tax collector of general property taxes levied by the Police Jury and Police Jury Special Districts. Ad valorem taxes assessed for the District expire in 2026 are assessed at 5.8 mills. Total property assessed valuations for December 31, 2020, were \$34,124,982. Taxes assessed for special purposes of debt service were \$133,319.

WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2020 and 2019

NOTE 7 – AD VALOREM TAXES (CONTINUED)

The 2020 property tax calendar is as follows:

Millage Rates adopted	October 20, 2020
Levy Date	October 20, 2020
Due Date	December 31, 2020
Collection Dates	December 31, 2020 – February 28, 2021

NOTE 8 - MAINTENANCE AGREEMENT

The District has entered into a maintenance agreement with M & C Water, L.L.C. ("Contractor") for the maintenance of all service lines to minimum standards of the State of Louisiana, maintenance of wells, after hour call outs for necessary repairs and maintenance, disconnect water service, and attendance at board meetings. The Contractor is to be paid monthly. Fees incurred under the agreement for the year ended December 31, 2020 and 2019 were \$102,648 and \$100,323, respectively.

The District has entered into a maintenance agreement with David Henry Mouget for the maintenance of all service lines to minimum standards of the State of Louisiana, maintenance of wells, after hour call outs for necessary repairs and maintenance, disconnect water service, and attendance at board meetings related to the new equipment and customers acquired in the purchase of M. & S. Water Supply, Inc. Fees incurred under the agreement for the year ended December 31, 2020 and 2019 were \$59,209 and \$52,134, respectively.

NOTE 9 - FINANCIAL SERVICES & BILLING AGREEMENTS

The District has entered into a financial service and billing agreement with Merrick & Hogan, CPAs for accounting and billing services. For the year ended December 31, 2020 and 2019, fees and reimbursed costs incurred under the agreements amounted to \$65,955 and \$65,399, respectively.

NOTE 10- STATE FEES

Certain fees required by the Louisiana Department of Health are passed on to the District's customers. These fees are billed, collected and remitted to the appropriate state agency and are not included in the revenues and expenses of the District.

WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 11-AGREEMENT WITH POINTE COUPEE POLICE JURY

The District bills customers for charges for services provided by Pointe Coupee Parish. When these fees are collected by the District they are then remitted to the Pointe Coupee Police Jury (PCPJ). The receivables and payables related to these billings are not recognized in the District's financial statements since the District has no claim to these funds. For the years ended December 31, 2019 and 2018, \$8,261 and \$6,809, respectively were included in due to related party for funds that were collected from customers before year end but were not remitted to PCPJ until after year end.

NOTE 12- RECLASSIFICATIONS

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

NOTE 13- LIQUIDITY AND AVAILABILITY OF RESOURCES

The District's financial assets available within one ear of the statement of net position date for general expenditures are as follows

	<u>2020</u>	<u>2019</u>
Cash	\$ 425,720	\$ 333,088
Accounts Receivable	113,247	125,396
Prepaid Expenses	<u>5,836</u>	<u>5,618</u>
Total current assets	<u>\$ 544,803</u>	<u>\$ 464,102</u>

Certain assets are restricted by lenders for specific purposes and, therefore, are not available for general expenditure. As part of the District's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the District does not intend to spend from its restricted assets other than amounts appropriated for general expenditures as part of its annual appropriation process, amounts from its restricted assets could be made available if necessary.

NOTE 14- RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issues ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets. The standard will require organizations to recognize on the statement of net position the assets and liabilities for the rights and obligations created by those leases if the least terms are more than 12 months. The guidance also will require qualitative and quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for the fiscal year beginning after December 15, 2020, including interim periods within those fiscal years. The District is evaluation the potential impact of the amendment on future financial statements.

WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 15- SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 21, 2021, which is the date the financials were available to be issued.

The District's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the District's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the collection of the District's revenues.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a report on internal control and on compliance with laws and regulations and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the basic financial statements and includes, where appropriate, any reportable conditions and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.



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INDEPENDENT AUDITORS' 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 Directors
Waterworks District No. 1 of Pointe Coupee Parish, LA
New Roads, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities of the Waterworks District No. 1 of Pointe Coupee Parish, Louisiana, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Waterworks District No. 1 of Pointe Coupee Parish, Louisiana's basic financial statements, and have issued our report thereon dated October 21, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Waterworks District No. 1 of Pointe Coupee Parish, 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Waterworks District No. 1 of Pointe Coupee Parish, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Waterworks District No. 1 of Pointe Coupee Parish, Louisiana's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Waterworks District No. 1 of Pointe Coupee Parish, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of

our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
October 21, 2021



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WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
For the Year Ended December 31, 2020

Section A – Summary of Auditors’ Reports

- The auditors’ report expresses an unmodified opinion on the financial statements of the Waterworks District No. 1 of Pointe Coupee Parish, LA.
- No deficiencies were disclosed during the audit of the financial statements.
- No instances of noncompliance were disclosed during the audit of the financial statements.

Section B - Findings Relating to the Financial Statements Required to be Reported in Accordance with Government Auditing Standards

2020-001 – Late filing of audit with Louisiana Legislative Auditor

Fiscal year finding initially occurred: 2020

CONDITION – The District did not submit the audited financial statements to the Louisiana Legislative Auditor by the extended due date.

CRITERIA – L.R.S. 24:513 provides that the financial statements are to be filed with the Legislative Auditor within six months of the close of the fiscal year plus approved extensions.

CAUSE – The CPA firm finished the audit within the specified time frame, but electronic submission to the Louisiana Legislative Auditor did not submit properly by the due date.

EFFECT – According to the Legislative Auditor of the State of Louisiana, failure to comply with the six-month plus approved extensions statutory submission of the financial reports is a reportable instance of noncompliance with state law.

RECOMMENDATION – Management should get the audit firm to start the audit earlier to ensure timely completion in future period.

MANAGEMENT’S CORRECTIVE ACTION PLAN – In the future the District will contract with the audit firm to start the audit within 90 days of year end and ask for audit to be delivered in advance of the six month deadline.



WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
For the Year Ended December 31, 2019

Section A – Summary of Auditors’ Reports

- The auditors’ report expresses an unmodified opinion on the financial statements of the Waterworks District No. 1 of Pointe Coupee Parish, LA.
- No deficiencies were disclosed during the audit of the financial statements.
- No instances of noncompliance were disclosed during the audit of the financial statements.

Section B - Findings Relating to the Financial Statements Required to be Reported in Accordance with Government Auditing Standards

NO FINDINGS



Other Supplemental Information



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WATERWORKS DISTRICT NO. 1 OF POINTE COUPEE PARISH, LA

SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD, POLITICAL SUBDIVISION HEAD, OR CHIEF EXECUTIVE OFFICER

For the Year Ended December 31, 2020

Agency Head Name: There is no agency head, political subdivision head or chief executive officer.

Board Members were paid the following in non-employee compensation for attending board meetings.

	<u>2020</u>
Ashley Bonds	\$ 1,100
Hillard Caldwell	1,100
Randall Jarreau	1,200
Ray Jarreau	1,200
John Smith	<u>1,600</u>
	<u>\$ 6,200</u>