

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
ANNUAL FINANCIAL REPORTS
JUNE 30, 2021 AND 2020

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Harold Dupre, CPA - 1996
Dwight Ledoux, CPA - 1998
Joel Lanclos, Jr., CPA - 2003
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
St. Landry Waterworks District No. 2 Rural
Sunset, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the St. Landry Waterworks District No. 2 Rural, a component unit of the St. Landry Parish Government, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Directors
St. Landry Waterworks District No. 2 Rural
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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 St. Landry Waterworks District No. 2 Rural, as of June 30, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Landry Waterworks District No. 2 Rural's basic financial statements. The other supplementary information on pages 18 through 20 is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and the Schedule of Directors' and Officers' Compensation are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 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 schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Insurance in Force has not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 6, 2021, on our consideration of the St. Landry Waterworks District No. 2 Rural's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

To the Board of Directors
St. Landry Waterworks District No. 2 Rural
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That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering St. Landry Waterworks District No. 2 Rural's internal control over financial reporting and compliance.

John S. Darling & Company
Opelousas, Louisiana
October 6, 2021

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

<u>ASSETS</u>	BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND	
	2021	2020
<u>CURRENT ASSETS</u>		
Petty cash	\$ 60	\$ 60
General account - checking	1,491,107	1,242,619
General account – savings	90,570	83,670
Revenue account - certificate of deposit	1,551	1,542
LAMP investment	18,029	18,011
Accounts receivable	89,242	89,405
Less: Allowance for doubtful accounts	(22,271)	(17,741)
Other receivables	1,165	1,165
Due from restricted assets	2,082	964
<u>Total current assets</u>	1,671,535	1,419,695
<u>RESTRICTED ASSETS</u>		
Depreciation and Contingency Fund		
Savings	83,618	78,576
Certificates of deposit	16,287	16,184
Reserve note fund		
Savings	105,507	100,432
Certificates of deposit	33,353	33,142
Customers' deposits		
Bank of Sunset – checking	73,282	71,364
<u>Total restricted assets</u>	312,047	299,698
<u>PROPERTY, PLANT, AND EQUIPMENT</u>		
Water system	2,962,537	2,962,537
Equipment	45,265	42,821
Autos	15,009	15,009
Buildings/improvements	67,994	67,994
Furniture	7,169	7,169
Software	5,000	5,000
Land improvements	18,500	18,500
	3,121,474	3,119,030
Less: Allowance for depreciation	(2,369,373)	(2,259,664)
Land	17,500	17,500
<u>Total property, plant, and equipment</u>	769,601	876,866
<u>Total assets</u>	2,753,183	2,596,259

Continued on next page.

The accompanying notes are an integral part of these statements.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2021 AND 2020

	BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND	
	<u>2021</u>	<u>2020</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u> (from current assets)		
Accounts payable	\$ 10,483	\$ 12,685
Sales tax payable	51	64
Payroll tax withheld and payable	2,774	2,752
Current portion of long-term debt	41,641	40,020
<u>Total current liabilities</u>	<u>54,949</u>	<u>55,521</u>
<u>CURRENT LIABILITIES</u> (from restricted assets)		
Accrued interest payable	1,551	1,608
Customers' deposits	71,200	70,400
Due to operating	2,082	964
<u>Total restricted liabilities</u>	<u>74,833</u>	<u>72,972</u>
<u>LONG-TERM LIABILITIES</u>		
Revenue bonds	1,104,778	1,144,795
Less: Current portion of long-term debt	(41,641)	(40,020)
<u>Total long-term liabilities</u>	<u>1,063,137</u>	<u>1,104,775</u>
<u>Total liabilities</u>	<u>1,192,919</u>	<u>1,233,268</u>
<u>NET POSITION</u>		
Net investment in capital assets	769,601	876,866
Net position - restricted		
Reserve note fund	137,309	131,966
Depreciation fund	99,905	94,760
Net position - unrestricted	553,449	259,399
<u>Total net position</u>	<u>1,560,264</u>	<u>1,362,991</u>
<u>Total liabilities and net position</u>	<u>2,753,183</u>	<u>2,596,259</u>

The accompanying notes are an integral part of these statements.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND	
	<u>2021</u>	<u>2020</u>
<u>OPERATING REVENUES</u>		
Water sales	\$ 539,568	\$ 517,846
Connection fees	36,300	31,240
Late fees	13,655	13,322
Disconnect notice fees	26,373	20,073
Other revenue	753	200
<u>Total operating revenues</u>	<u>616,649</u>	<u>582,681</u>
<u>OPERATING EXPENSES</u>		
Current		
Supplies		
Water supplies	27,585	29,827
Office supplies	13,866	18,217
Other		
Salaries	92,488	85,796
Payroll taxes	7,713	7,202
Repairs and maintenance	11,273	10,545
Insurance	19,626	17,472
Dues and subscriptions	-	300
Conventions and seminars	355	730
Postage	7,877	7,172
Auto and truck	4,044	5,420
Professional fees	8,000	9,800
Telephone	5,490	5,458
Utilities	21,280	18,513
Per diem and travel allowance	7,920	7,920
Janitorial	1,014	352
Miscellaneous	6	30
Meter connection contract fee	29,400	26,080
Louisiana One Call	1,192	892
Bad debt expense	4,529	621
Depreciation	109,708	108,363
<u>Total operating expenses</u>	<u>373,366</u>	<u>360,710</u>
<u>OPERATING INCOME</u>	<u>243,283</u>	<u>221,971</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest revenue	2,054	2,445
Interest expense	(48,064)	(49,771)
<u>Total non-operating revenues (expenses)</u>	<u>(46,010)</u>	<u>(47,326)</u>
<u>CHANGE IN NET POSITION</u>	197,273	174,645
<u>NET POSITION, beginning of year</u>	<u>1,362,991</u>	<u>1,188,346</u>
<u>NET POSITION, end of year</u>	<u>1,560,264</u>	<u>1,362,991</u>

The accompanying notes are an integral part of these statements.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>BUSINESS-TYPE ACTIVITIES</u> <u>PROPRIETARY FUND</u>	
	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 622,129	\$ 582,825
Cash paid to suppliers	(165,659)	(221,055)
Cash paid to employees	(100,179)	(92,931)
<u>Net cash provided by operating activities</u>	<u>356,291</u>	<u>268,839</u>
<u>CASH FLOWS FROM CAPITAL AND</u> <u>RELATED FINANCING ACTIVITIES</u>		
Purchase of PPE	(2,444)	(21,870)
Principal paid on bonds	(40,017)	(38,312)
Interest paid on bonds	(48,121)	(49,826)
<u>Net cash used by capital and related</u> <u>financing activities</u>	<u>(90,582)</u>	<u>(110,008)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments and savings	2,055	2,443
Interest reinvested in certificates of deposit	(323)	(645)
<u>Net cash provided by investing activities</u>	<u>1,732</u>	<u>1,798</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	267,441	160,629
<u>CASH AND CASH EQUIVALENTS, beginning of year</u>	<u>1,594,732</u>	<u>1,434,103</u>
<u>CASH AND CASH EQUIVALENTS, end of year</u>	<u>1,862,173</u>	<u>1,594,732</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET</u> <u>CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Operating income	\$ 243,283	\$ 221,971
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	109,708	108,363
Changes in assets and liabilities		
(Increase) decrease in accounts receivable, net	4,693	(2,240)
(Increase) decrease in other receivable	-	(310)
Increase (decrease) in accounts payable	(2,202)	(61,706)
Increase (decrease) in sales tax payable	(13)	(6)
Increase (decrease) in customers' deposits	800	2,700
Increase (decrease) in payroll tax payable	22	67
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>356,291</u>	<u>268,839</u>

The accompanying notes are an integral part of these statements.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. SCOPE OF ENTITY

St. Landry Waterworks District No. 2 Rural, a component unit of the St. Landry Parish Government, was created by the St. Landry Parish Police Jury as authorized by Louisiana Revised Statute 33:3814. The ordinance creating this Waterworks District was dated August 14, 1989. The District is governed by a five-member board of commissioners, appointed by the Parish Government, who are authorized to construct, maintain, and improve the waterworks system within the District.

As the governing authority of the parish, for reporting purposes, the St. Landry Parish Government is the financial reporting entity for St. Landry Parish.

The financial reporting entity consists of (a) the primary government (parish government) (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Landry Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Parish Government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Government.
2. Organizations for which the Parish Government does not appoint a voting majority but are fiscally dependent on the Parish Government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Government appoints a voting majority of the Water District's governing body and the Parish Government has the ability to impose its will on the Water District, the Water District was determined to be a component unit of the St. Landry Parish Government, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Water District and do not present information on the Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statements of Net Position display information on all of the non-fiduciary activities of St. Landry Waterworks District No. 2 Rural, as a whole. They include the proprietary fund of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary funds are not included in the GWFS.

C. FUND ACCOUNTING

The accounts of St. Landry Waterworks District No. 2 Rural are organized in one fund, which is considered a separate accounting entity. The operations of the fund are accounted for by self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses. The fund presented in the financial statements is described as follows:

Proprietary Fund

Proprietary funds are used to account for operations that are financed and operated in a manner where the intent of the governing body is that the costs, (expenses) including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the Statements of Net Position, business-type activities are presented using the economic resources measurement focus.

The Proprietary Fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the Statements of Net Position, business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Unbilled and billed utility receivables are recorded at year-end. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting - Continued

Purchases of operating supplies are regarded as expenditures at the time purchased and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year unless material.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principle operating revenues for proprietary funds are charges to customers for sales or services. Principle operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

E. CASH AND INVESTMENTS

Louisiana statutes authorize St. Landry Waterworks District No. 2 Rural to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, the Louisiana Asset Management Pool, or any other federally insured investment.

Investments are recorded at cost, which approximates market.

F. CAPITAL ASSETS

Capital assets (including infrastructure assets), which constitute assets of the Proprietary Fund, are recorded at cost and depreciation is computed under the straight-line method and the modified accelerated cost recovery method. The service lives by type of asset are as follows:

Water system	25-40 years
Equipment	5-10 years
Buildings/improvements	15-30 years
Furniture	7 years
Land improvements	10-15 years
Autos	5 years
Software	5 years

Interest costs during construction are not capitalized.

G. BUDGET ACCOUNTING

St. Landry Waterworks District No. 2 Rural is not required to adopt a budget for its Proprietary Fund.

H. STATEMENT OF CASH FLOWS

For purposes of reporting cash flows, all highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

I. ENCUMBRANCES

St. Landry Waterworks District No. 2 Rural does not employ the encumbrance system of accounting.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. VACATION AND SICK LEAVE

St. Landry Waterworks District No. 2 Rural's employees earn one week of vacation after one year of service. They earn two weeks of vacation after five years of service. Vacation cannot be accumulated. Employees are compensated at their hourly rate when sick.

K. BAD DEBTS

Uncollectible amounts due for customer's utility receivables are recognized as bad debts through the adjustment of allowance account to the balance of individual accounts deemed uncollectible at the end of each fiscal year.

L. 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 the estimates.

M. EQUITY CLASSIFICATIONS

Equity is classified as net position and displayed in three components:

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

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

NOTE (2) – CASH AND INVESTMENTS

The bank balances of cash, including investments, were \$1,913,536 and \$1,645,911 at June 30, 2021 and 2020, respectively and the carrying amounts of cash and investments were \$1,913,304 and \$1,645,600 at June 30, 2021 and 2020, respectively. Of the bank balances, at June 30, 2021 and 2020, cash in excess of the FDIC insurance of \$1,491,515 and \$1,231,132, respectively was adequately covered by securities held by the pledging financial institution. The remaining funds of \$18,029 and \$18,011 at June 30, 2021 and 2020, respectively are invested in the Louisiana Asset Management Pool (LAMP). Cash on hand was \$60 at June 30, 2021 and 2020. Investments consist of time certificates of deposit and direct investment in the Louisiana Asset Management Pool (LAMP). LAMP is currently rated AAAM by Standard & Poor's Rating Services.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Water System's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE (2) – CASH AND INVESTMENTS - Continued

These securities are held in the name of the Water System or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties

Investments in certificates of deposit were \$51,191 and \$50,867 at June 30, 2021 and 2020, respectively. The Louisiana Asset Management Pool (LAMP) is a cooperative endeavor designed to create a local government investment vehicle. The cooperative endeavor was created at the initiative of the Louisiana State Treasurer's Office. With investment advice provided by professional investment manager and custody of the assets maintained by a major Louisiana bank, LAMP has been established to improve administrative efficiency and increase investment yield for all depositing members. Investments in LAMP were \$18,029 and \$18,011 at June 30, 2021 and 2020, respectively.

At June 30, 2021 and 2020, \$403,992 and \$396,768 of the bank balance was covered by FDIC insurance and \$1,491,515 and \$1,231,132 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institutions' trust department or agent, but not in the Water System's name. The Water System does not have a policy for custodial credit risk.

NOTE (3) - ACCOUNTS RECEIVABLE

St. Landry Waterworks District No. 2 Rural's accounts receivable consist of uncollected billed and unbilled utility services. An accounts receivable aging schedule is as follows:

<u>Days</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
0-30	\$ 22,349	\$ 24,292
31-60	685	1,228
61-90	(1,052)	(220)
91 and older - Due	18,394	13,494
Unbilled receivables	<u>48,866</u>	<u>50,612</u>
<u>Totals</u>	<u>89,242</u>	<u>89,406</u>
Breakdown of active customers:		
Residential	1,525	1,503
Commercial	<u>16</u>	<u>16</u>
<u>Totals</u>	<u>1,541</u>	<u>1,519</u>

The present water rates are as follows:

Residential monthly billing	
First 2,000 gallons (minimum)	\$ 17.00
Over 2,000 gallons (per 1,000 gallons)	3.00
Commercial monthly billing	
First 2,000 gallons (minimum)	17.00
Over 2,000 gallons (per 1,000 gallons)	3.00

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE (4) - RESTRICTED ASSETS

Under the terms of the Loan Resolution Security Agreements with the United States Department of Agriculture, Farmers Home Administration, which is now called Rural Development, all funds received shall be pledged for the purpose of the following funds and shall be set aside into the following separate accounts:

All revenue received shall be set aside in an account to be designated as the General Account. The General Account shall be used to make the monthly debt service payments plus operating and maintenance expenses.

From the remaining funds in the General Account there shall be set aside into an account designated as the Reserve Account the sum of \$410 each month until there is accumulated in that account the sum of \$98,266 after which deposits may be suspended, except to replace withdrawals.

There shall also be set aside into an account designated as a contingency account the sum of \$410 each month until there is accumulated in the Contingency Account the sum of \$98,266. Monthly deposits will then increase to \$570.

The total funds held in each account are as follows:

	<u>2021</u>	<u>2020</u>
Meter Deposits	\$ 73,282	\$ 71,364
Depreciation and contingency	99,905	94,760
Reserve account	<u>138,860</u>	<u>133,574</u>
	<u>312,047</u>	<u>299,698</u>

During the 2021 fiscal year, the Water System made twenty-four payments of \$410 into the Contingency and Reserve Accounts.

During the 2020 fiscal year, the Water System made twenty-four payments of \$410 into the Contingency and Reserve Accounts.

The customers' deposits account represents refundable fifty-dollar deposits collected from homeowners and one hundred-dollar deposits collected from renters requesting service connection. Customers' deposits are deposited in a separate cash account and totaled \$ 73,282 and \$ 71,364 at June 30, 2021 and 2020, respectively. There was an amount due to the operating/restricted asset accounts from the customers' deposit account in the amount of \$ 2,082 and \$ 964 at June 30, 2021 and 2020, respectively.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE (5) - CAPITAL ASSETS

The following is a summary of the capital assets of the Proprietary Fund at June 30, 2021:

<u>Description of Property</u>	<u>Life in Years</u>	<u>Basis</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation Expense</u>
Non-Depreciable Assets:					
Land		\$ 17,500	\$ -	\$ 17,500	\$ -
Depreciable Assets:					
Water system	25-40 years	2,962,537	2,236,441	726,096	105,960
Equipment	5-10 years	45,265	39,540	5,725	1,788
Buildings/ improvements	15-30 years	67,994	50,532	17,462	1,375
Furniture	7 years	7,169	6,951	218	100
Land improvements	10-15 years	18,500	15,900	2,600	485
Autos	5 years	15,009	15,009	-	-
Software	5 years	5,000	5,000	-	-
<u>Totals</u>		<u>3,138,974</u>	<u>2,369,373</u>	<u>769,601</u>	<u>109,708</u>

The following is a summary of the capital assets of the Proprietary Fund at June 30, 2020:

<u>Description of Property</u>	<u>Life in Years</u>	<u>Basis</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation Expense</u>
Non-Depreciable Assets:					
Land		\$ 17,500	\$ -	\$ 17,500	\$ -
Depreciable Assets:					
Water system	25-40 years	2,962,537	2,130,481	832,056	105,474
Equipment	5-10 years	42,821	37,751	5,070	928
Buildings/ improvements	15-30 years	67,994	49,157	18,837	1,375
Furniture	7 years	7,169	6,851	318	100
Land improvements	10-15 years	18,500	15,415	3,085	486
Autos	5 years	15,009	15,009	-	-
Software	5 years	5,000	5,000	-	-
<u>Totals</u>		<u>3,136,530</u>	<u>2,259,664</u>	<u>876,866</u>	<u>108,363</u>

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE (6) - LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions:

	<u>Series R-1</u>	<u>Series 2007</u>	<u>Total</u>
Balance, June 30, 2019	\$ 474,444	\$ 708,663	\$ 1,183,107
Reductions in principal	<u>(24,093)</u>	<u>(14,219)</u>	<u>(38,312)</u>
Balance, June 30, 2020	450,351	694,444	1,144,795
Reductions in principal	<u>(25,200)</u>	<u>(14,817)</u>	<u>(40,017)</u>
Balance, June 30, 2021	<u>425,151</u>	<u>679,627</u>	<u>1,104,778</u>

	<u>2021</u>	<u>2020</u>
(1) \$816,000 Water Revenue Bonds Series R-1 due in monthly installments of \$3,746 at an interest rate of 4.50%. The debt will be retired from excess annual water revenues.	\$ 425,151	\$ 450,351
(2) \$835,000 Water Revenue Bonds Series 2007, due in monthly installments of \$3,599 at an interest rate of 4.125%. The debt will be retired from excess annual water revenues.	<u>679,627</u>	<u>694,444</u>
<u>Total bonds payable</u>	<u>1,104,778</u>	<u>1,144,795</u>

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE (6) - LONG-TERM OBLIGATIONS – Continued

The annual requirements to amortize revenue bonds are as follows:

Year Ended June 30,	Series R-1	Series 2007	Total
2022	\$ 44,952	\$ 43,186	\$ 88,138
2023	44,952	43,186	88,138
2024	44,952	43,186	88,138
2025	44,952	43,186	88,138
2026	44,952	43,186	88,138
2027-2031	224,760	215,931	440,691
2032-2036	105,363	215,931	321,294
2037-2041	-	215,931	215,931
2042-2046	-	215,931	215,931
2047-2051	-	19,243	19,243
Total principal and interest	554,883	1,098,897	1,653,780
Less: interest	(129,732)	(419,270)	(549,002)
Balance at June 30, 2021	<u>425,151</u>	<u>679,627</u>	<u>1,104,778</u>

NOTE (7) - CASH AND CASH EQUIVALENTS

Cash and cash equivalents are made up of the following accounts:

	2021	2020
Petty cash	\$ 60	\$ 60
General account - checking	1,491,107	1,242,619
General account – savings	90,570	83,670
LAMP investment	18,029	18,011
Depreciation fund - savings	83,618	78,576
Reserve note fund - savings	105,507	100,432
Customers' deposits - checking	73,282	71,364
	<u>1,862,173</u>	<u>1,594,732</u>

NOTE (8) - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The St. Landry Waterworks District No. 2 Rural does not provide any post-employment benefits to retirees and therefore is not required to report under GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE (9) - SUBSEQUENT EVENTS

Subsequent events were evaluated through October 6, 2021, which is the date the financial statements were available to be issued. As of October 6, 2021, there were no subsequent events noted.

NOTE (10) - UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease ("COVID-19") as a pandemic. Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)
JUNE 30, 2021

Insurer	Coverage	Coverage Limits	Policy Period	
			From	To
National Union Fire Insurance Co. (Dupre-Carrier-Godchaux)	Commercial General Liability	\$3,000,000	2/8/2021	2/8/2022
National Union Fire Insurance Co. (Dupre-Carrier-Godchaux)	Commercial property	Various	2/8/2021	2/8/2022
National Union Fire Insurance Co. (Dupre-Carrier-Godchaux)	Boiler and machinery	500,000	2/8/2021	2/8/2022
Employers Mutual Casualty Company (Dupre-Carrier-Godchaux)	Surety bond - Robyn Cormier	100,000	2/8/2021	2/8/2022
Employers Mutual Casualty Company (Dupre-Carrier-Godchaux)	Surety bond - Samuel Doucet	100,000	2/8/2021	2/8/2022
Employers Mutual Casualty Company (Dupre-Carrier-Godchaux)	Surety bond – J. Barney Johnson	100,000	2/8/2021	2/8/2022
Employers Mutual Casualty Company (Dupre-Carrier-Godchaux)	Surety bond – Mary Lee Meynig	100,000	2/8/2021	2/8/2022
Bridgefield Casualty Insurance Company (Dupre-Carrier-Godchaux)	Worker's Compensation	500,000	5/29/2021	5/29/2022
Farm Bureau Insurance	Commercial General Liability	401,000	9/20/2020	9/20/2021
Farm Bureau Insurance	Automobile - 2006 Dodge Dakota	300,000	5/11/2021	11/11/2021
Travelers Casualty and Surety Company of America (Dupre-Carrier-Godchaux)	Professional liability policy on board members	1,000,000	10/15/2018	10/15/2021

See independent accountant's audit report.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
SCHEDULE OF DIRECTORS' AND OFFICERS' COMPENSATION
AS OF JUNE 30, 2021

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>	<u>Compensation</u>
Samuel Doucet	1/24	President	\$ 1,320
Francis Henry	1/25	Vice-President	1,320
Bobby Richard	1/23	Board Member	1,320
J. Barney Johnson	1/24	Secretary/ Treasurer	1,320
Carlene Richard	1/23	Board Member	1,320

See independent accountant's audit report.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2021

Agency Head Name: Samuel Doucet, President

<u>Purpose</u>	<u>Amount</u>
Salary	\$0
Benefits-insurance	0
Benefits-retirement	0
Benefits	0
Car allowance	0
Vehicle provided by government	0
Per diem	1,320
Reimbursements	610
Travel	1,728
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0

See independent accountant's audit report.

RELATED REPORTS

James L. Nicholson, Jr., CPA
 Michael A. Roy, CPA
 Lisa Trouille Manuel, CPA
 Dana D. Quebedeaux, CPA



John S. Dowling, CPA - 1904-1984
 John Newton Stout, CPA - 1936-2005
 Chizal S. Fontenot, CPA - 1955-2012
 Russell J. Stelly, CPA - 1942 - 2019

Van L. Auld, CPA

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 www.jsdc-cpas.com

Retired

Harold Dupre, CPA - 1996
 Dwight Ledoux, CPA - 1998
 Joel Lanclos, Jr., CPA - 2003
 G. Kenneth Pavy, II, CPA - 2020

**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**

To the Board of Directors
 St. Landry Waterworks District No. 2 Rural
 Sunset, 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 business-type activities of St. Landry Waterworks District No. 2 Rural, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the St. Landry Waterworks District No. 2 Rural's basic financial statements and have issued our report thereon dated October 6, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Landry Waterworks District No. 2 Rural'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 St. Landry Waterworks District No. 2 Rural's internal control. Accordingly, we do not express an opinion the effectiveness of St. Landry Waterworks District No. 2 Rural's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify one deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a significant deficiency.

To the Board of Directors
St. Landry Waterworks District No. 2 Rural
Page 2

Compliance and Other Matters


As part of obtaining reasonable assurance about whether St. Landry Waterworks District No. 2 Rural's financial statements are free of 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.

St. Landry Waterworks District No. 2 Rural's Response to Findings

St. Landry Waterworks District No. 2 Rural's response to the findings identified in our audit is described in the accompanying schedule of finding and responses. The Waterworks District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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


Opelousas, Louisiana
October 6, 2021

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021

Section I - SUMMARY OF AUDIT RESULTS

1. We have audited the basic financial statements of St. Landry Waterworks District No. 2 Rural as of and for the year ended June 30, 2021, and have issued our report thereon dated October 6, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of the Uniform Guidance. Our audit of the financial statements as of June 30, 2021 resulted in an unmodified opinion.
2. One significant deficiency and no material weaknesses relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
4. No management letter was issued for St. Landry Waterworks District No. 2 Rural as of and for the year ended June 30, 2021.
5. There was no single audit required under the 2CFR 200.516(a) (Uniform Guidance).

Section II - 2021 FINDINGS - FINANCIAL STATEMENT AUDIT

Internal Control

2021-001. Inadequate Segregation of Duties within Accounting Functions

Condition

St. Landry Waterworks District No. 2 Rural does not have adequate segregation of duties over receipts.

Criteria

Segregation of conflicting duties within accounting functions is a basic internal control.

Cause

Only one person performs accounting duties for the Waterworks District.

Effect

Inadequate segregation of duties within the accounting functions and it is important that you are aware of this condition because errors or fraud could occur and not be detected.

Recommendation

Based upon the size of the operation and the cost-benefit of additional personnel, it is not feasible to achieve complete segregation of duties within the accounting system.

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

Section II - 2021 FINDINGS - FINANCIAL STATEMENT AUDIT (Continued)

Internal Control - Continued

2021-001. Inadequate Segregation of Duties within Accounting Functions

Corrective Action Plan

Management is aware of and has evaluated this inadequacy and concluded that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

Section III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable

ST. LANDRY WATERWORKS DISTRICT NO. 2 RURAL
SUNSET, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

Section I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2020-001 Inadequate Segregation of Duties Within Accounting Functions

Repeat comment.

2020-002 Sexual Harassment Policy

Resolved.

Section II - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable

Section III - MANAGEMENT LETTER

No prior year findings.