

**WATERWORKS DISTRICT NO. 9
OF WARD 4 OF CALCASIEU
PARISH, LOUISIANA
Sulphur, Louisiana**

**Annual Financial Report
December 31, 2020 and 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana
Sulphur, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana, component unit of Calcasieu Parish Police Jury, as of December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6, and the Schedule of Changes in Total OPEB Liability on page 31 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated June 30, 2021 on my consideration of Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana's internal control over financial reporting and compliance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements of Waterworks District 9 of Ward 4 of Calcasieu Parish, Louisiana. The Schedule of Compensation, Benefits and Other Payments is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Compensation, Benefits and Other Payments is the responsibility of management and is derived from the underlying accounting and other records to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
June 30, 2021

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2020**

The Management’s Discussion and Analysis of the Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana’s (the District) financial performance presents a narrative overview and analysis of the District’s financial activities for the year ended December 31, 2020. This document focuses on the current year’s activities, resulting changes, and currently known facts in comparison with the prior year’s information. Please read this document in conjunction with the additional information contained in the financial statements.

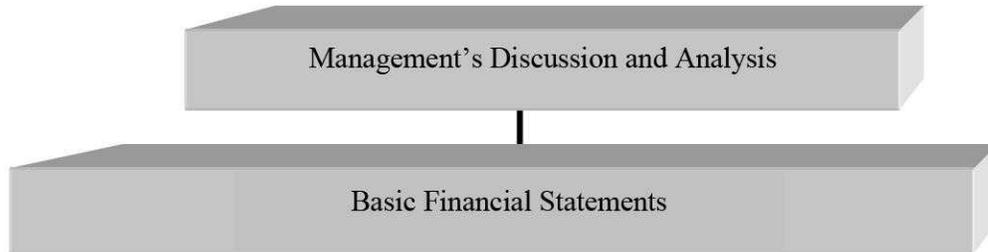
FINANCIAL HIGHLIGHTS

The District’s assets and deferred outflows of resources related to OPEB exceeded its liabilities at the close of 2020 by \$14,385,809 which represents a 3.3% increase from last fiscal year. Of this amount, \$6,374,388 (unrestricted net assets) may be used to meet the District’s ongoing obligations to its users.

The District’s operating revenue decreased \$84,043 (or 3.7%) and the net results from operations decreased by \$674,591.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments.



These financial statements consist of two sections - Management’s Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2020**

Basic Financial Statements

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position (pages 7 - 8) presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The District's assets plus deferred outflows of resources minus their liabilities and deferred inflows of resources equals the net position. The net position of the District may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Fund Net Position (page 9) presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statements (pages 10 - 11) presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	2020	2019	2018
Current assets	\$ 6,812,087	\$ 6,205,290	\$ 5,703,834
Capital assets	8,011,421	8,031,886	7,884,795
Total Assets	<u>14,823,508</u>	<u>14,237,176</u>	<u>13,588,629</u>
Deferred outflows	34,340	92,430	-
Total assets and deferred outflows	<u>14,857,848</u>	<u>14,329,606</u>	<u>13,588,629</u>
Other liabilities	59,954	40,239	73,772
Long-term debt outstanding	412,085	359,184	589,814
Total Liabilities	<u>472,039</u>	<u>399,423</u>	<u>663,586</u>
Net position:			
Net investment in capital assets	8,011,421	8,031,886	7,544,795
Unrestricted amounts	6,374,388	5,898,297	5,380,248
Total Net Position	<u>\$ 14,857,848</u>	<u>\$ 13,930,183</u>	<u>\$ 12,925,043</u>

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2020**

Restricted net position amounts represent those assets that are not available for spending. Conversely, unrestricted net position amounts are those that do not have any limitations for which they may be used.

Net position of the District increased by \$455,626, or 3.3%, from December 31, 2019 to December 31, 2020.

	2020	2019	2018
Operating revenues	\$ 2,120,282	\$ 2,201,325	\$ 2,341,858
Operating expenses	(2,404,491)	(1,810,943)	(2,107,586)
Operating income (loss)	(284,209)	390,392	234,272
Non-operating revenues (expenses)	739,835	614,758	557,507
Net increase (decrease) in net position	\$ 455,626	\$ 1,005,140	\$ 791,779

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2020, the District had \$8,011,421, net of accumulated depreciation, invested in a broad range of capital assets, including land, right of ways, plant and distribution system, and furniture, fixtures, and equipment. (see table below). This amount represents a net decrease (including additions and deductions) of \$20,465, or 0.3%, from last year.

	2020	2019	2018
Land and Right of Ways	\$ 113,486	\$ 113,486	\$ 113,486
Plant and Distribution System	17,515,397	17,202,939	16,575,350
Furniture, Fixtures, and Equipment	302,407	343,943	337,996
Construction in progress	5,463	195,047	192,814
Less Accumulated Depreciation	(9,925,332)	(9,823,529)	(9,334,851)
Totals	\$ 8,011,421	\$ 8,031,886	\$ 7,884,795

This year's Major Capital additions included above were:

- Radio read meters \$ 189,329
- Waterlines and large meters \$ 276,085
- Fence replacement project \$ 106,550

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2020**

Debt

The District had \$-0- in bonds outstanding for the years ended December 31, 2020 and 2019. A summary of this debt is shown in the table below.

	Outstanding Debt at Year-end		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenue Bonds	\$ -0-	\$ -0-	\$ 340,000

CONTACTING THE DISTRICT'S 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 Alice Webb, District Supervisor, Waterworks District No. 9 of Ward 4 of Calcasieu Parish.

Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana
Sulphur, Louisiana
Statements of Net Position
As of December 31,

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 426,179	\$ 287,615
Investments	5,033,890	4,432,836
Restricted assets:		
Cash and cash equivalents - revenue bonds	-	158,164
Investments - construction	162,338	131,437
Receivables - net of allowance for uncollectibles of \$62,828 for 2020 and \$32,712 for 2019:		
Water accounts	145,062	152,692
Unbilled	143,913	130,343
Taxes - ad valorem - maintenance	477,048	451,991
Inventory	399,409	434,692
Other receivables	-	323
Prepaid expenses	24,248	25,197
Total Current Assets	<u>6,812,087</u>	<u>6,205,290</u>
PROPERTY, PLANT, AND EQUIPMENT		
Furniture, fixtures, and equipment	96,380	137,916
Vehicles	206,027	206,027
Plant and distribution system	17,515,397	17,202,939
	<u>17,817,804</u>	<u>17,546,882</u>
Less: accumulated depreciation and amortization	<u>(9,925,332)</u>	<u>(9,823,529)</u>
	7,892,472	7,723,353
Construction in progress	5,463	195,047
Land	113,486	113,486
Net Property, Plant, and Equipment	<u>8,011,421</u>	<u>8,031,886</u>
TOTAL ASSETS	<u>14,823,508</u>	<u>14,237,176</u>
DEFERRED OUTFLOWS OF RESOURCES RELATED TO OPEB	<u>34,340</u>	<u>92,430</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 14,857,848</u>	<u>\$ 14,329,606</u>

The accompanying notes are an integral part of the financial statements.

**Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana
Sulphur, Louisiana
Statements of Net Position (Continued)
As of December 31,**

	2020	2019
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 45,320	\$ 29,271
Wages payable	8,578	3,982
Payroll taxes and retirement payable	1,601	3,356
Sales tax and other payables	4,455	3,630
Total Current Liabilities	59,954	40,239
LONG-TERM LIABILITIES		
OPEB payable	412,085	359,184
Total Long-Term Liabilities	412,085	359,184
TOTAL LIABILITIES	472,039	399,423
NET POSITION		
Net investment in capital assets	8,011,421	8,031,886
Unrestricted amounts	6,374,388	5,898,297
TOTAL NET POSITION	14,385,809	13,930,183
TOTAL LIABILITIES AND NET POSITION	\$ 14,857,848	\$ 14,329,606

The accompanying notes are an integral part of the financial statements.

**Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana
Sulphur, Louisiana
Statements of Revenues, Expenses, and Changes in Net Position
For The Years Ended December 31,**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Water sales and fees	\$ 2,120,282	\$ 2,201,325
OPERATING EXPENSES		
Wages	820,305	492,329
Payroll tax and employee benefits	308,915	182,063
Commissioner fees	5,400	6,300
Depreciation expense	492,292	488,678
Insurance	71,844	75,853
Accounting and legal expenses	20,820	23,435
Meter reading	-	12,593
DHH fees	53,862	52,283
Miscellaneous	46,973	53,689
Office supplies	33,003	30,265
Plant supplies	124,777	91,938
Repairs and maintenance	146,198	107,424
Telephone	21,192	21,091
Utilities	81,678	85,617
Vehicle expense	22,468	22,579
Contract labor	124,648	63,922
Bad debt expense	30,116	884
Total Operating Expenses	<u>2,404,491</u>	<u>1,810,943</u>
INCOME FROM OPERATIONS	<u>(284,209)</u>	<u>390,382</u>
NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes - maintenance	474,948	454,710
Investment income	31,044	92,761
Loss on sale of fixed assets	(6,053)	-
Joint service income	14,342	18,253
State fees	56,703	55,102
Insurance recoveries	166,306	-
Miscellaneous	15,639	11,576
Revenue sharing	4,700	4,652
Interest expense	(17,794)	(22,296)
Total Non-Operating Revenues	<u>739,835</u>	<u>614,758</u>
CHANGE IN NET POSITION	455,626	1,005,140
NET POSITION - BEGINNING OF YEAR	<u>13,930,183</u>	<u>12,925,043</u>
NET POSITION - END OF YEAR	<u>\$ 14,385,809</u>	<u>\$ 13,930,183</u>

The accompanying notes are an integral part of the financial statements.

**Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana
Sulphur, Louisiana
Statements of Cash Flows
For The Years Ended December 31,**

	2020	2019
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 2,114,342	\$ 2,203,303
Payments to suppliers	(799,853)	(883,678)
Payments to employees and benefits	(945,290)	(657,707)
Other	205	431
Net Cash Provided (Used) by Operating Activities	369,404	662,349
Cash Flows From Investing Activities:		
Investment income	31,044	92,761
Cash received (paid) for certificates of deposit	(361)	(718)
Cash received (paid) for Investments in LAMP and mutual funds, net	(631,594)	(1,013,882)
Net Cash Provided (Used) by Investing Activities	(600,911)	(921,839)
Cash Flows From Capital and Related Financing Activities:		
Capital expenditures for plant and equipment	(477,880)	(635,767)
Principal payments on bonds	-	(340,000)
Cash received for ad valorem taxes	449,891	419,446
Insurance recoveries	166,306	-
Intergovernmental - revenue sharing and joint service	19,042	22,905
State fees	56,703	55,102
Interest expense	(17,794)	(22,296)
Miscellaneous	15,639	11,359
Net Cash Provided (Used) by Capital and Related Financing Activities	211,907	(489,251)
Net Increase (Decrease) in Cash	(19,600)	(748,741)
Cash and Cash Equivalents - Beginning of Year	445,779	1,194,520
Cash and Cash Equivalents - End of Year	\$ 426,179	\$ 445,779
Cash and Cash Equivalents:		
Cash - unrestricted	\$ 426,179	\$ 287,615
Cash - restricted	-	158,164
	\$ 426,179	\$ 445,779

The accompanying notes are an integral part of the financial statements.

**Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana
Sulphur, Louisiana
Statements of Cash Flows (Continued)
For The Years Ended December 31,**

	2020	2019
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (284,209)	\$ 390,382
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	492,292	488,678
Provisions for bad debts	30,116	883
(Increase) decrease in receivables	(35,733)	1,978
(Increase) decrease in prepaid insurance	949	1,025
(Increase) decrease in inventory	35,283	(204,004)
(Increase) decrease in deferred outflows OPEB	58,090	(92,430)
Increase (decrease) in accounts payable and other accrued expenses	19,715	(33,533)
Increase (decrease) in accrued OPEB payable	52,901	109,370
 Total Adjustments	 653,613	 271,967
 Net Cash Provided (Used) by Operating Activities	 \$ 369,404	 \$ 662,349

The accompanying notes are an integral part of the financial statements.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements
December 31, 2020 and 2019**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Commissioners. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, the Waterworks District No. 9 has no other fiscal or significant managerial responsibility over any other governmental unit that is not included in the financial statements of the Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana. The district is a component unit of the Calcasieu Parish Police Jury.

Fund Accounting

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

Basis of Accounting

The District has implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments".

The district uses the accrual basis of accounting. The revenues are recognized when they are earned, and expenses are recognized when incurred.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Accounts Receivable

Accounts receivable are stated at cost less an allowance for doubtful accounts. Accounts are considered delinquent when 30 days past due (based on days since last payment). The allowance account consists of an estimate of uncollectible specifically identified accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past user history, any adverse situations that might affect the user's ability to repay, and current economic conditions. The need for an adjustment to the allowance is considered at year end. Amounts charged-off that are subsequently recovered are recorded as income.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

The District adopts a budget annually for operating expenses. The budget is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, revenues, non-operating income and certain non-operating expense items are not considered. The budget for the District is not presented in these statements.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 1 - Summary of Significant Accounting Policies (Continued)

Property, Plant, and Equipment and Long-Term Liabilities

The proprietary fund is accounted for on a cost of services or capital maintenance measurement focus, and all assets and liabilities (whether current or non-current) associated with its activity are included in the statement of net position.

Depreciation of all exhaustible fixed assets is charged as an expense against the operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Furniture, fixtures, and equipment	3 - 40 years
Vehicles	5 years
Plant and distribution system	15 - 40 years

All fixed assets are stated at historical cost. All property and equipment in excess of \$1,000 are capitalized. Depreciation amounted to \$492,292 for the year ended December 31, 2020 and \$488,678 for the year ended December 31, 2019.

Cash and Cash Equivalents

The District considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market.

Note 2 - Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Parish in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1st of the following year.

For the year ended December 31, 2020, taxes of 2.4 mills were levied on property with assessed valuations, net of homestead exemption. Total taxes levied were \$491,802. Taxes receivable at December 31, 2020 and 2019 were \$477,048 and \$451,991, respectively, all of which were considered collectible. The 2.4 mills were dedicated to the maintenance fund.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 3 - Changes in Long-Term Debt

The District issued \$1,990,000 of its Water Revenue Refunding Bonds, 2013 Series, during the fiscal year ending December 31, 2013. The bonds were dated November 19, 2013. These bonds were issued for the purpose of refunding the outstanding Water Revenue Refunding Bonds, Series 2004 and paying the cost of issuing the bonds.

The following is a summary of bond payable transactions of the District for the years ended December 31, 2020 and 2019:

	Revenue
Outstanding at December 31, 2019	\$ -0-
Bonds Retired	<u>(-0-)</u>
Outstanding at December 31, 2020	\$ <u>-0-</u>

	Revenue
Outstanding at December 31, 2018	\$ 340,000
Bonds Retired	<u>(340,000)</u>
Outstanding at December 31, 2019	\$ <u>-0-</u>

Long-term debt consists of the following at December 31:

Revenue bonds:	<u>2020</u>	<u>2019</u>
\$1,990,000 Waterworks Revenue Refunding Bonds, Series 2013, due in annual installments of \$50,000 to \$340,000 through January 1, 2020; interest at 1.84%	\$ -0-	\$ -0-

The revenue bonds are to be retired from the income and revenues derived from the operation of the System of the Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana.

Note 4 - Accumulated Unpaid Vacation and Sick Pay

There was no liability for accumulated unpaid vacation and sick pay at December 31, 2020 and 2019.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 5 - Board of Commissioners' Fees

Members of the Board of Commissioners are paid a per diem allowance for attending board meetings. The total expenses for meetings attended during the year are as follows:

	2020	2019
Larry Mouton	\$ 900	\$ 1,300
Byron Chamblee	1,000	1,200
Vito Tramonte	1,100	1,300
Richard Boenig	1,200	1,300
Theresa Bell	1,200	1,200
Total	\$ 5,400	\$ 6,300

Note 6 - Cash, Cash Equivalents, and Investments

At December 31, 2020 and 2019, the District had cash and certificates of deposit (book balances) as follows:

	2020	2019
Demand deposits	\$ 425,579	\$ 445,179
Cash on hand	600	600
Certificate of deposit	48,547	48,186
Total	\$ 474,726	\$ 493,965

A reconciliation of cash and certificates of deposit follows:

	2020	2019
Cash on hand	\$ 600	\$ 600
Carrying amount of deposits	474,126	493,365
Total	\$ 474,726	\$ 493,965
Cash and cash equivalents	\$ 426,179	\$ 445,779
Certificates of deposit (non-cash equivalents)	48,547	48,186
Total	\$ 474,726	\$ 493,965

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 6 - Cash, Cash Equivalents, and Investments (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held by the pledging financial institution's trust department or agent, in the District's name.

Custodial Credit Risk is the risk that in the event of bank failure, the District's deposits may not be returned.

At December 31, 2020, the District had \$435,956 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$549,107 of pledged securities held in a custodial bank in the District's name.

At December 31, 2019, the District had \$461,390 in deposits (collected bank balances). These deposits are secured from risk by \$298,186 of federal deposit insurance and \$660,282 of pledged securities held in a custodial bank in the District's name.

The District deposits its cash with high quality financial institutions, and management believes the District is not exposed to significant credit risk on those amounts.

Under Louisiana Revised Statutes 33:2955, the District may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having principal offices in Louisiana. Additionally, Louisiana statutes allow the District to invest in United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies, highly rated investment grade commercial paper, and mutual or trust funds registered with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to the United States government or its agencies.

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP). The carrying amount of the District's investment in LAMP was \$5,147,681 as of December 31, 2020 and \$4,516,087 as of December 31, 2019.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 6 - Cash, Cash Equivalents, and Investments (Continued)

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

Credit risk: LAMP is rated AAAM by Standard & Poor's. The District does not have credit risk policies for investments.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 47 days as of December 31, 2020. The District does not have interest rate risk policies for investments.

Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 7 - Other Information

The District had 4,692 and 4,604 active metered customers at December 31, 2020 and 2019, respectively.

Note 8 - Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Land	\$ 113,486	\$ -0-	\$ -0-	\$ 113,486
Construction in Progress	195,047	10,946	200,530	5,463
Capital Assets Being Depreciated:				
Plant and Distribution System	17,202,939	667,464	355,006	17,515,397
Furniture, Fixtures, & Equipment	343,943	-0-	41,536	302,407
Total Capital Assets being Depreciated	17,546,882	667,464	396,542	17,817,804
Less Accumulated Depreciation	9,823,529	492,289	390,486	9,925,332
Total Capital Assets Being Depreciated, Net of Depreciation	7,723,353	175,175	6,056	7,892,472
Total Capital Assets, Net	<u>\$ 8,031,886</u>	<u>\$ 186,121</u>	<u>\$ 206,586</u>	<u>\$ 8,011,421</u>

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Land	\$ 113,486	\$ -0-	\$ -0-	\$ 113,486
Construction in Progress	192,814	2,233	-0-	195,047
Capital Assets Being Depreciated:				
Plant and Distribution System	16,575,350	627,589	-0-	17,202,939
Furniture, Fixtures, & Equipment	337,996	5,947	-0-	343,943
Total Capital Assets being Depreciated	16,913,346	633,536	-0-	17,546,882
Less Accumulated Depreciation	9,334,851	488,678	-0-	9,823,529
Total Capital Assets Being Depreciated, Net of Depreciation	7,578,495	144,858	-0-	7,723,353
Total Capital Assets, Net	<u>\$ 7,884,795</u>	<u>\$ 147,091</u>	<u>\$ -0-</u>	<u>\$ 8,031,886</u>

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 9 - Deferred Compensation Plan

The District offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 457. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. All District employees are permitted to contribute a portion of their salary to the plan. Contributions to the plan by employees equaled \$43,516 for the year ended December 31, 2020, and \$26,488 for the year ended December 31, 2019. The District makes a matching contribution to the plan up to 5% of the employee's compensation. Pension expense for 2020 and 2019 paid by the District was \$40,776 and \$25,472, respectively. This plan is administered by Hartford Life Insurance Company.

Note 10 - Prior Year Balances

Certain prior year amounts may have been reclassified to conform to current year presentation.

Note 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Note 12 - Restricted Assets

Restricted assets consist of cash, investments and tax receivables restricted for the retirement of the District's revenue bonds and construction. Restricted assets consisted of the following as of December 31:

	2020	2019
Construction	\$ 162,338	\$ 131,437
Debt Services Funds	-0-	158,164
	\$ 162,338	\$ 289,601

Note 13 - Other Postemployment Benefits (OPEB)

In 2018, the Calcasieu Parish Police Jury (Parish) implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). This Statement addresses the fact that certain postemployment benefits other than pensions, which for the Parish consist of healthcare benefits only, are related to employee services and salaries received presently but that will benefit the employee in the future – upon retirement – and whose costs will be borne by the Parish in the future. The Statement also attempts to quantify the future “retirement” costs that have been earned by the employee during his/her active years of employment. The Parish will finance the postemployment benefits on a “pay-as-you-go” basis. GASB Statement 75 requires that the liability be recognized in the financial statements for the actuarial determined portion of the projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service. The notes to the financial statements contain other required disclosure information from GASB Statement 75.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 13 – Other Postemployment Benefits (OPEB) (Continued)

The Parish contracted with a third-party consultant to perform the actuarial valuation required by GASB Statement No. 75 as of January 1, 2020 with a measurement date of December 31, 2020. For the Parish plan, the actuarial valuation is required every other year, therefore, the actuarial valuation prepared will be utilized for the two-year periods of 2020 and 2021 with the inclusion of the appropriate second year adjustments. The 2020 valuation included a change in assumption for a decrease in the discount rate (described in the table below).

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future.

Plan Description: The Parish OPEB Plan is a single employer defined benefit “substantive” plan as understood by the employer and its employees. All of the employees of the Parish primary government and the following discretely presented component units may at their option participate in the employee’s group health, dental, and life insurance programs sponsored and administered by the Parish in conjunction with its third-party insurance providers and administrative agents:

14 th Judicial District Attorney	Gravity Drainage Dist. No. 2 of Ward 7
Calcasieu Parish Coroner	Gravity Drainage Dist. No. 8 of Ward 1
Community and Playground District No. 4 of Ward 1	Gravity Drainage Dist. No. 6 of Wards 5 & 6
Sulphur Parks and Recreation	Gravity Drainage Dist. No. 9 of Ward 2
Airport Authority Dist. No. 1	Recreation District No. 5 of Ward 4
Fire Protection Dist. No. 1 of Ward 1	Recreation District No. 7 of Ward 8
Fire Protection Dist. No. 2 of Ward 4	Waterworks Dist. No. 1 of Ward 3
Fire Protection Dist. No. 1 of Ward 6	Waterworks Dist. No. 1 of Ward 4
Fire Protection Dist. No. 2 of Ward 8	Waterworks Dist. No. 10 of Ward 7
Calcasieu Parish Communications District	Waterworks Dist. No. 9 of Ward 4
14 th Judicial District Criminal Court Fund	Waterworks Dist. No. 7 of Wards 6 & 4
Consolidated Gravity Drainage District #1 (West)	Waterworks Dist. No. 14 of Ward 5
Consolidated Gravity Drainage District #2 (East)	Waterworks Dist. No. 11 of Wards 4 & 7
Gravity Drainage Dist. No. 4 of Ward 3	West Calcasieu Community Center

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 13 – Other Postemployment Benefits (OPEB) (Continued)

While there is no specific written plan for the Parish OPEB plan alone and therefore no separate annual report is issued, the Parish has reported this plan information based on communications to plan members via the written health plan maintained by the Parish. Any amendments to the general health plan as related to types of benefits offered are required to be approved by Parish management before being distributed to Plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided: The Parish OPEB Plan provides health (medical and prescription), dental and life insurance programs for retirees and their dependents. Medical coverage, including prescription drugs as part of the medical plan, is offered to pre-65 and post-65 retirees on a self-insured basis. Benefits are subsidized by the Parish. Dental and life insurance coverage are available to retirees, but these coverages are not subsidized by the Parish. The Parish does not reimburse for Medicare Part B or Part D premium for Medicare eligible retirees and dependents.

Employees Covered: Employees who have twenty (20) years of cumulative service at retirement will be eligible for the above referenced retiree benefits if hired after January 1, 2007. Employees hired prior to January 1, 2007 must have ten (10) years of cumulative service to be eligible for any retiree benefits. Retirees are required to contribute one hundred percent (100%) of the monthly retiree premium for benefits elected.

At December 31, 2020, the following employees were covered by the benefit terms:

	<u>Parish</u>	<u>District</u>
Active Employees	1,095	12
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	149	-0-
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	<u>-0-</u>	<u>-0-</u>
Total Covered Employees	<u>1,244</u>	<u>12</u>

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, the actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 13 – Other Postemployment Benefits (OPEB) (Continued)

The total OPEB liability for the January 1, 2020 actuarial valuation, with a measurement date of December 31, 2020, was determined using the following actuarial assumptions and other inputs, unless otherwise specified:

Inflation Rate	Not utilized by the actuary – see discount rate information.
Discount Rate	2.02% using an average of following three 20-year bond indices and rounded to the nearest 0.1%: (a) Bond Byer 20 Bond GO – 2.12%, (b) S&P Municipal Bond 20 Year High Grade Rate Index – 1.93%, and (c) Fidelity GA AA 20 Years – 2.00%. The discount rate of 2.02% was decreased from 2.9% utilized in 2019.
Healthcare Cost Trend Rates	8% for pre-65 and post 65 retirees decreasing .25% per year to an ultimate rate of 4.5% in 2032 and later. The healthcare rate of 8% increased from 7% in 2019
Salary Increases	3.5%
Cost of Living Increases	Not applicable
Mortality Rate Table Used for Current Valuation	The RP 2014 Healthy Male and Female Tables based on the Employee and Healthy Annuitant Tables for both pre and post retirement with mortality improvement using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 13 – Other Postemployment Benefits (OPEB) (Continued)

Changes in the Total OPEB Liability: The following table shows the components of the Parish's total OPEB liability for the current year:

	Governmental Activities	Total Primary Government	Parish Plan Component Units	Total OPEB Plan
Total OPEB Liability at Beginning of Year	\$32,614,636	\$32,614,636	\$19,065,335	\$51,679,971
Current Period Changes:				
Service Cost	342,216	342,216	201,711	543,927
Interest on Total OPEB Liability	644,951	644,951	380,792	1,025,743
Differences Between Expected and Actual Experience	-	-	-	-
Changes in Assumptions**	8,443,226	8,443,226	(2,153,281)	6,289,945
Benefit Payments	<u>(1,372,615)</u>	<u>(1,372,615)</u>	<u>(428,586)</u>	<u>(1,801,201)</u>
Net Change in Total OPEB Liability	8,057,778	8,057,778	(1,999,364)	6,058,414
Total OPEB Obligation at End of Year – Measurement Date	<u>\$40,672,414</u>	<u>\$40,672,414</u>	<u>\$17,065,971</u>	<u>\$57,738,385</u>

** Changes in assumptions reflect a decrease of .88% in the discount rate from 2.9% for 2019 to 2.02% for 2020

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.02%) or one percentage point higher (3.02%) than the current discount rate of 2.02%:

	1% Decrease (1.02%)	Discount Rate (2.02%)	1% Increase (3.02%)
Total OPEB Liability Parish	\$73,403,376	\$57,738,385	\$46,817,422
Total OPEB Liability District	\$523,884	\$412,085	\$334,139

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 13 – Other Postemployment Benefits (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6%) or one percentage point higher (8%) than the current healthcare cost trend rate of 7%:

	1% Decrease (6%)	Healthcare Cost Trend Rate (7%)	1% Increase (8%)
Total OPEB Liability Parish	\$47,015,628	\$57,738,385	\$73,895,516
Total OPEB Liability District	\$335,692	\$412,085	\$527,614

Changes to the Total OPEB Liability: The following table shows the components of the District's total OPEB liability for the current year:

Net OPEB Obligation at December 31, 2019	\$ 359,184
Current Period Changes:	
Service Cost	7,345
Interest on Total OPEB Liability	7,252
Changes in assumptions	38,676
Benefit Payments	(372)
Net Change in Total OPEB Liability	52,901
Net OPEB Obligation at December 31, 2020	\$ 412,085
District's Proportionate Percentage of Total Parish OPEB Obligation	0.71%
Change in District's OPEB Obligation Since the Prior Measurement Date	14.7%

Summary of Deferred Inflows and Outflows

	Deferred Outflows	Deferred Inflows
Difference between actual and expected experience	\$ -	\$ -
Net difference between expected and actual earnings	-	-
Impact due to changes in assumptions	34,340	-
Total	\$ 34,340	\$ -

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Notes to Financial Statements (Continued)
December 31, 2020 and 2019**

Note 13 – Other Postemployment Benefits (OPEB) (Continued)

Amortization of impact due to changes in assumptions is over 10 years or \$3,434 per year.

Note 14 – Subsequent Events

The District evaluated its December 31, 2020 financial statements for subsequent events through the date of the financial statements were available to be issued. The District is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

STEVEN M. DEROUEN & ASSOCIATES, LLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana
Sulphur, Louisiana

I have audited 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, the financial statements of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana's basic financial statements, and have issued my report thereon dated June 30, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana's internal control. Accordingly, I do not express an opinion on the effectiveness of Waterworks District No. 9 of Ward 4 of Calcasieu 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.

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

Board of Commissioners
Waterworks District No. 9 of Ward 4
of Calcasieu Parish, Louisiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2020-1

Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana's Response to Findings

Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana's response to the findings identified in my audit is described in the accompanying Schedule of Findings and Responses. Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

Steven M. DeRouen & Associates

Lake Charles, Louisiana
June 30, 2021

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana
Schedule of Findings and Responses
December 31, 2020**

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on financial statements.
2. No material weaknesses or significant deficiencies in internal control noted.
3. Noncompliance – Refer to B. 2020-1.

B. GAGAS Findings:

Finding: 2020-1 Compliance with Public Bid Law –

Condition: The District purchased an excavator with a cost in excess of \$30,000 during the 2020 fiscal year. The District did receive 3 quotes for the excavator, however the District did not follow Louisiana's Public Bid Law as required under Louisiana statute.

Criteria: Under state law, all materials and supplies above the contract limit must be advertised for public bid or acquired under the provisions of state contract bid prices.

Effect: The District may have purchased equipment at a cost greater than would be required if done through the public bid process or state contract.

Recommendation: The District should follow Louisiana's Public Bid Law for all purchases above contract limits.

Response: The District shall put a system in place to facilitate the compliance with all applicable bid law requirements in the future.

C. Prior Year Findings:

None

**WATERWORKS DISTRICT NO. 9 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Sulphur, Louisiana**

**Schedule of Compensation, Benefits and Other
Payments to the President of the Board of Commissioners**

Year Ended December 31, 2020

Agency Head: Larry Mouton, Board President

Purpose	Amount
Commissioner Fees	\$ 900.00
Benefits-insurance	0.00
Benefits-retirement	0.00
Benefits-Other	0.00
Car allowance	0.00
Vehicle provided by government	0.00
Per diem	0.00
Reimbursements	0.00
Travel	0.00
Registration fees	0.00
Conference travel	0.00
Continuing professional education fees	0.00
Housing	0.00
Unvouchered expenses	0.00
Special meals	0.00

Note: This schedule is included as supplementary information.

**Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana
Sulphur, Louisiana
Schedule of Changes to Total OPEB Liability
and Related Ratios
For The Year Ended December 31, 2020**

Total OPEB Liability	2018	2019	2020	2021	2022
Service Cost	\$ 6,227	\$ 7,455	\$ 7,345		
Interest	\$ 9,152	\$ 9,919	\$ 7,252		
Changes in benefit terms	\$ -	\$ -	\$ -		
Differences between expected and actual	\$ -	\$ -	\$ -		
Changes in assumptions or other inputs	\$ -	\$ 92,430	\$ 38,676		
Benefit payments	\$ (446)	\$ (434)	\$ (372)		
Net Change in Total OPEB Liability	<u>\$ 14,933</u>	<u>\$ 109,370</u>	<u>\$ 52,901</u>		
Total OPEB Liability - beginning	<u>\$ 234,881</u>	<u>\$ 249,814</u>	<u>\$ 359,184</u>		
Total OPEB Liability - ending	<u>\$ 249,814</u>	<u>\$ 359,184</u>	<u>\$ 412,085</u>		
Covered Employee Payroll	\$ 409,437	\$ 421,802	\$ 492,604		
Total OPEB Liability as a percentage of covered employee payroll	61.01%	85.15%	83.65%		
Notes to Schedule:					
Changes in Benefit Terms	None				
Changes in Assumptions	Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used each period:				
	2018	3.90%			
	2019	2.90%			
	2020	2.02%			

This schedule is intended to report information for 10 years. Data for the full ten year period is not available but will be reported as the additional years become available.