

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

As of and for the Years Ended December 31, 2020 and 2019
with Supplemental Information Schedules

ANTHONY B. BAGLIO, CPA
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

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

**Annual Financial Statements
As of and for the Years Ended December 31, 2020 and 2019
With Supplemental Information Schedules**

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Greensburg, Louisiana**

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ANTHONY B. BAGLIO, CPA
PRESIDENT

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ANTHONY B. BAGLIO, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana, a component unit of the St. Helena Parish Police Jury, as of and for the years ended December 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana as of December 31, 2020 and December 31, 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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 - 13 and 35 and 36 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 inquires 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.

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's basic financial statements. The supplemental information schedules on pages 38 - 41 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 7, 2021 on my consideration of the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control over financial reporting on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control over financial reporting and compliance.

Respectfully submitted,



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

June 07, 2021

Required Supplementary Information
Management's Discussion and Analysis

**Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
As of and for the Years Ended December 31, 2020 and 2019**

Introduction

The Waterworks District No. 2 of St. Helena Parish (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendment of GASB 34, including the adoption of GASB Statement No. 63, *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards are more fully described in *Footnote 1 – Summary of Significant Accounting Policies – Section A “Measurement Focus and Basis of Accounting and Financial Statement Presentation”*.

The District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the District's financial statements in this report.

Financial Highlights

- At December 31, 2020, total assets were \$11,466,683, and exceeded liabilities in the amount of \$5,981,556 (i.e., net position). Of the total net position, \$629,730 was unrestricted and available to support short-term operations; \$903,160 was restricted primarily for capital projects and debt service, with a balance of \$4,448,666 as the investment in capital assets.
- For the year ended December 31, 2020, user fee revenues (water sales) increased by \$26,269 to \$919,895 as compared to \$893,626 for the fiscal year ending December 31, 2019.
- The District's operating expenses, other than depreciation expense, increased by \$2,877 to \$711,193 as compared to \$708,316 for the prior fiscal year.
- Total bonds payable decreased \$107,498 at December 31, 2020, due to principal payments on long-term debt.

**Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
As of and for the Years Ended December 31, 2020 and 2019**

Overview of the Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of Waterworks District No. 2 of St. Helena Parish's financial condition and performance.

The financial statements report information on the District using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the nature and amount of the District's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses, and Changes in Net Position accounts for the revenues and expenses for the fiscal year, and provides information on how net position changed during the year. This statement measures the success of the District's operations in a format that can be used to determine if the District has recovered its costs through user fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides information on the source of cash receipts, what the cash was used for, and the total change in cash for the reporting period.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule and key information schedules on operation of the District.

Financial Analysis

The purpose of financial analysis is to help determine whether the District is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position, are presented below in condensed format. These statements report the net position, the difference between assets and liabilities, and the change in net position, which provides information for indicating the financial condition of the District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

**Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
As of and for the Years Ended December 31, 2020 and 2019**

**Condensed Statements of Net Position
2020 and 2019**

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Assets:				
Current and Other Assets	\$ 1,840,438	\$ 1,774,519	\$ 65,919	3.71%
Capital Assets	<u>9,626,245</u>	<u>9,968,140</u>	<u>(341,895)</u>	-3.43%
Total Assets	<u>11,466,683</u>	<u>11,742,659</u>	<u>(275,976)</u>	-2.35%
Liabilities:				
Long-Term Debt Outstanding	5,177,579	5,285,077	(107,498)	-2.03%
Other Liabilities	<u>307,548</u>	<u>276,130</u>	<u>31,418</u>	11.38%
Total Liabilities	<u>5,485,127</u>	<u>5,561,207</u>	<u>(76,080)</u>	-1.37%
Net Position:				
Net Investment in Capital Assets	4,448,666	4,683,063	(234,397)	-5.01%
Restricted for Capital Projects and Debt Service	903,160	843,214	59,946	7.11%
Unrestricted	<u>629,730</u>	<u>655,175</u>	<u>(25,445)</u>	-3.88%
Total Net Position	<u>\$ 5,981,556</u>	<u>\$ 6,181,452</u>	<u>\$ (199,896)</u>	-3.23%

The major component of change for "Current and Other Assets" is an increase in restricted cash and cash equivalents, partially offset by a decrease in accounts receivable and in inventory.

"Capital Assets" decreased for the fiscal year ending December 31, 2020. The District purchased additions that included \$1,439 in machinery and equipment for security cameras. Total construction costs increased \$22,348 as detailed in *Footnote 6 – Capital Assets*.

Total debt decreased by \$107,498, related to principal payments on long-term debt.

"Total Net Position" (total assets less total liabilities) decreased by \$199,896 for the fiscal year ending December 31, 2020 as a result of the activity outlined above.

**Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
As of and for the Years Ended December 31, 2020 and 2019**

**Condensed Statements of Revenues, Expenses and Changes in Net Position
2020 and 2019**

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Revenues:				
Operating Revenues	\$ 1,070,245	\$ 1,031,456	\$ 38,789	3.76%
Nonoperating Revenues	18,556	56,261	(37,705)	-67.02%
Total Revenues	<u>1,088,801</u>	<u>1,087,717</u>	<u>1,084</u>	0.10%
Expenses:				
Depreciation Expense	365,682	386,207	(20,525)	-5.31%
Other Operating Expense	711,193	708,316	2,877	0.41%
Nonoperating Expense	211,822	171,353	40,469	23.62%
Total Expenses	<u>1,288,697</u>	<u>1,265,876</u>	<u>22,821</u>	1.80%
Income (Loss) Before Contributions	<u>(199,896)</u>	<u>(178,159)</u>	<u>(21,737)</u>	-12.20%
Capital Contributions	-	26,700	(26,700)	-100.00%
Special Item	-	(43,849)	43,849	N/A
Changes in Net Position	<u>(199,896)</u>	<u>(195,308)</u>	<u>(4,588)</u>	2.35%
Beginning Net Position	<u>6,181,452</u>	<u>6,376,760</u>	<u>(195,308)</u>	-3.06%
Ending Net Position	<u>\$ 5,981,556</u>	<u>\$ 6,181,452</u>	<u>\$ (199,896)</u>	-3.23%

While the Statement of Net Position shows the change in financial position of net position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers to the nature and scope of these changes. The above table gives an indication of how Waterworks District No. 2 of St. Helena Parish is being conservatively managed.

Total "Operating Revenues" increased by \$38,789. "Non-Operating Revenues" decreased \$37,705. Water sales revenues increased in Operating Revenues by \$26,269, service and connection fee revenue increased \$10,500, penalties decreased by \$7,793. Non-Operating Revenues decreased primarily related to decreases in interest income, bad debt recoveries and other income.

"Other Operating Expenses" increased by \$2,877. The increase is due primarily to increases in salaries of \$6,792, vehicle expenses of \$5,678, office and water supplies of \$4,214, miscellaneous expenses of \$2,045, utilities of \$1,988, and accounting fees of \$1,420 offset by a decrease of \$20,232 for repairs and maintenance.

**Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
As of and for the Years Ended December 31, 2020 and 2019**

Budgetary Highlights

Waterworks District No. 2 of St. Helena Parish adopts an annual operating budget in accordance with requirements of the United States Department of Agriculture, Rural Utilities Service (RUS). This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended by the Board of Commissioners after review of monthly budget-to-actual financial reports. A summary of the approved budget is presented below in condensed format summarizing major revenue and expenditure categories, and is followed by analysis of significant variations between budget and actual amounts. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in "Schedule 1 - Budgetary Comparison Schedule", as supplementary information, following the footnotes to the financial statements.

Budget vs. Actual - Fiscal Year ended December 31, 2020

	Budget Year ended December 31, 2020	Actual Year ended December 31, 2020	Favorable (Unfavorable) Variance
Revenues:			
Operating Revenues	\$ 1,023,825	\$ 1,070,245	\$ 46,420
Nonoperating Revenues	18,900	18,556	(344)
Total Revenues	1,042,725	1,088,801	46,076
Expenses:			
Depreciation Expense	360,000	365,682	(5,682)
Other Operating Expense	695,464	711,193	(15,729)
Nonoperating Expense	164,000	211,822	(47,822)
Total Expenses	1,219,464	1,288,697	(69,233)
Change in Net Position	\$ (176,739)	\$ (199,896)	\$ (23,157)

Actual revenues were 4% greater than budgeted revenues while expenses were 6% percent greater then budgeted expenses for the year.

**Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
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Other Significant Trends and Account Changes

Included within this section is first a listing and analysis of general trends and operating data affecting the operation of the District. This is followed by an analysis of any significant account changes, not included within other sections of the Management's Discussion and Analysis.

General Operating Data

The District had the following number of customers:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>Increase (Decrease)</u>
Customers			
Residential	2,682	2,532	150
Commercial and Dairy	71	71	-
Total Customers	<u>2,753</u>	<u>2,603</u>	<u>150</u>
Number of customers having a meter size larger than the residential size (3/4")			<u>56</u>

One key measure of the District's profitability, and the ability to generate positive cash flows, is the ability of the water system to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ending December 31, 2020 and 2019.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>Increase (Decrease)</u>
Accounts Receivable			
Current	\$ 64,973	\$ 63,704	\$ 1,269
31-60 Days Past Due	15,569	21,996	(6,427)
61-90 Days Past Due	2,462	2,434	28
Over 90 Days Past Due	329	516	(187)
Subtotal	<u>83,333</u>	<u>88,650</u>	<u>(5,317)</u>
Allowance for Uncollectible Accounts	<u>(2,112)</u>	<u>(2,112)</u>	<u>-</u>
Net Accounts Receivable	<u>\$ 81,221</u>	<u>\$ 86,538</u>	<u>\$ (5,317)</u>

**Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
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Capital Assets and Debt Administration

Capital Assets

At the end of the fiscal year ending December 31, 2020, Waterworks District No. 2 of St. Helena Parish had \$9,626,245 (net of accumulated depreciation) recorded in capital assets. This includes water systems and improvements, investments in an office building, land, vehicles and maintenance equipment used to operate the water system. The changes in capital assets are presented in the table below.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Capital Assets				
Land	\$ 57,231	\$ 57,231	\$ -	0%
Building & Improvements	281,599	281,599	-	0%
Equipment	187,510	186,071	1,439	1%
Furniture and Fixtures	17,764	17,764	-	0%
Vehicles	139,377	139,377	-	0%
Utility System	14,316,848	14,316,848	-	0%
Construction in Progress	<u>138,354</u>	<u>116,006</u>	<u>22,348</u>	19%
Subtotal	15,138,683	15,114,896	23,787	0%
Less: Accumulated Depreciation	<u>(5,512,438)</u>	<u>(5,146,756)</u>	<u>(365,682)</u>	-7%
Net Capital Assets	<u>\$ 9,626,245</u>	<u>\$ 9,968,140</u>	<u>\$ (341,895)</u>	-3%

“Capital Assets” decreased by \$341,895 for the fiscal year ending December 31, 2020. The District purchased additions that included \$1,439 in machinery and equipment for security cameras. Total construction costs increased \$22,348.

During the year ending December 31, 2018, the District began the Hwy 10 Water Tank Repainting Project. This project is still in the design stages. Estimated cost is \$120,000 for construction and \$14,241 for engineering.

There was an increase of \$22,348 in construction in progress costs related to the 2019 CWF project. These CWF costs were for engineering and planning costs paid directly by the District. The St. Helena Parish Police Jury paid \$63,185 of the construction contract that totaled \$72,850. The District paid the remaining \$9,665 on the construction contract. The construction was complete at December 31, 2020. The accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

There were no costs in construction in progress costs related to the application for the 2020 CWF project. The District directly pays for engineering and planning costs. This project has not been approved or bid as of December 31, 2020. However, after construction is completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

The District had no asset disposals during the fiscal year. Depreciation expense for the fiscal year ending December 31, 2020 was \$365,682.

Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
As of and for the Years Ended December 31, 2020 and 2019

Long-Term Obligations

The primary source of long-term financing for Waterworks District No. 2 of St. Helena Parish is revenue bonds financed by the United States Department of Agriculture, Rural Utilities Service (RUS) in addition to one revenue bond, which was refunded by a private lending institution as Revenue Refunding Bonds, Series 2002. Interest rates for long-term debt financed through RUS and a private lending institution at December 31, 2020, range from 2.25% to 6.375%, with initial payment terms for bonds generally at 40 years.

Bonds financed for the District do not generally require a specific debt to net income or net cash flow ratio, but bond restrictions do state that the District must set its water rates at a level necessary to fund debt service requirements and to pay for the normal operating expenses of the District. One measure of the operating performance of the District is the Debt to Net Position ratio. This measure, viewed over time, yields a comparison of how the District has maintained a workable ratio of total debt to net resources of the District. An increase over an extended period of time would indicate that the District is increasing debt in relation to its operating performance, and management should analyze other factors, such as overall profitability, to ensure that total debt is increased only in relation to the income that will be earned by financed expansions. As indicated, the ratio is only a measure of performance and should be reviewed over an extended period of time in combination with other factors that indicate the profitability of the District.

	December 31, 2020	December 31, 2019
Total Long-Term Debt	\$ 5,177,579	\$ 5,285,077
Long Term	5,066,308	5,177,582
Revenue Bond - Current	111,271	107,495
 Total Net Position	 \$ 5,981,556	 \$ 6,181,452
 Total Long-Term Debt to Net Position Ratio	 0.87	 0.85

Future Economic Plans

The Waterworks District No. 2 of St. Helena Parish's management approach is conservative but is oriented towards meeting the long-range needs of the District. The Board actively monitors revenues and expenses and evaluates the costs of proposed expansion projects. The board's emphasis is on managing operating costs and generating the level of revenues that provides for the most efficient operation of the District. The District has taken significant steps to improve the water system, including obtaining funding of \$7,150,000 for Phase V North and Phase V South water improvements. A description of these significant events is more fully described in *Footnote 6 – Capital Assets and Footnote 8 – Long-Term Obligations*.

**Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
As of and for the Years Ended December 31, 2020 and 2019**

Requests for Information

The financial report is designed to provide an overview of St. Helena Waterworks District No. 2's finances and demonstrate the District's accountability. If you have questions regarding this report or need additional information, contact the District at Post Office Box 658, Greensburg, LA 70441. The phone number for the District is (985) 748-4657.

Financial Statements

Statement A

Waterworks District No. 2 of St. Helena Parish
Statement of Net Position
As of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 597,364	\$ 593,032
Receivables, Net :		
Accounts	81,221	86,538
Other	67,584	63,558
Inventory	55,184	56,256
Prepaid Insurance	6,699	6,580
Total Current Assets	<u>808,052</u>	<u>805,964</u>
Restricted Assets:		
Restricted Cash and Cash Equivalents	1,032,386	968,555
Total Restricted Assets	<u>1,032,386</u>	<u>968,555</u>
Property, Plant, and Equipment		
Land	57,231	57,231
Construction in Progress	138,354	116,006
Property, Plant and Equipment, Net	9,430,660	9,794,903
Total Property, Plant, and Equipment	<u>9,626,245</u>	<u>9,968,140</u>
Total Assets	<u>11,466,683</u>	<u>11,742,659</u>
Liabilities		
Current Liabilities (Payable from Current Assets):		
Accounts Payable	77,900	47,999
Other Accrued Payables	100,422	102,790
Total Current Liabilities (Payable from Current Assets)	<u>178,322</u>	<u>150,789</u>
Current Liabilities (Payable from Restricted Assets):		
Customer Deposits	110,605	104,455
Construction Payable	-	1,186
Current Revenue Bonds Payable	111,271	107,495
Accrued Interest - RUS Bonds	18,621	19,700
Total Current Liabilities (Payable from Restricted Assets)	<u>240,497</u>	<u>232,836</u>
Long Term Liabilities:		
Bonds Payable	5,066,308	5,177,582
Total Long-Term Liabilities	<u>5,066,308</u>	<u>5,177,582</u>
Total Liabilities	<u>5,485,127</u>	<u>5,561,207</u>
Net Position		
Net Investment in Capital Assets	4,448,666	4,683,063
Restricted for Capital Projects and Debt Service	903,160	843,214
Unrestricted	629,730	655,175
Total Net Position	<u>\$ 5,981,556</u>	<u>\$ 6,181,452</u>

The accompanying notes are an integral part of this statement.

Statement B

Waterworks District No. 2 of St. Helena Parish
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2020 and 2019

	2020	2019
Operating Revenues		
Water Sales	\$ 919,895	\$ 893,626
Service and Connection Fees	79,890	69,390
Penalties	29,668	37,461
FEMA	8,248	-
Other Revenues	32,544	30,979
Total Operating Revenues	<u>1,070,245</u>	<u>1,031,456</u>
Operating Expenses		
Advertising	472	417
Bad Debts	7,759	8,738
Postage	9,402	9,140
Chemicals/Chlorination	21,422	20,295
Deferred Compensation	17,588	16,897
Depreciation	365,682	386,207
Director's Expense	4,020	3,600
Educational Expense	1,015	350
Fuel	577	1,223
Insurance	45,282	44,372
Meter Installations	26,450	27,700
Other	31,999	29,954
Payroll Taxes	23,014	22,180
Professional Fees:		
Accounting	14,550	13,130
Auditing	10,500	12,000
Repairs and Maintenance	54,796	75,028
Salaries and Wages	291,520	284,728
Software - Maintenance Costs	1,980	1,980
Supplies - Office	8,113	6,493
Supplies - Water System	35,474	32,880
Telephone	6,753	6,370
Utilities	67,422	65,434
Vehicle Expenses	31,085	25,407
Total Operating Expenses	<u>1,076,875</u>	<u>1,094,523</u>
Operating Income (Loss)	<u>(6,630)</u>	<u>(63,067)</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement B

Waterworks District No. 2 of St. Helena Parish
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	2020	2019
Nonoperating Revenues (Expenses)		
Interest Income	9,018	36,054
Interest Expense	(162,398)	(166,096)
Bad Debt Recovery	2,566	5,571
Abandoned Wells Cost	(49,424)	(5,257)
Other Income	6,972	14,636
Total Nonoperating Revenues (Expenses)	(193,266)	(115,092)
Income (Loss) Before Contributions	(199,896)	(178,159)
Contributions		
Capital Contributions	-	26,700
Special Item		
Impairment on Abandoned Water Wells	-	(43,849)
Change in Net Position	(199,896)	(195,308)
Total Net Position, Beginning	6,181,452	6,376,760
Total Net Position, Ending	\$ 5,981,556	\$ 6,181,452

(Concluded)

The accompanying notes are an integral part of this statement.

Waterworks District No. 2 of St. Helena Parish
Statement of Cash Flows
For the Year Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Received From Customers	\$ 1,034,770	\$ 1,004,739
Received for Meter Deposit Fees	6,150	4,150
Other Receipts	36,766	42,782
Payments for Operations	(368,173)	(398,305)
Payments to Employees	(314,534)	(306,908)
Net Cash Provided by Operating Activities	<u>394,979</u>	<u>346,458</u>
Cash Flows from Noncapital Financing Activities		
Recovery of Bad Debts	2,566	5,571
Other Receipts	6,972	14,636
Net Cash Provided by Noncapital Financing Activities	<u>9,538</u>	<u>20,207</u>
Cash Flows from Capital and Related Financing Activities		
Capital Contributions of Fixed Assets (Received)	-	26,700
(Payments for) Capital Acquisitions	(24,973)	(238,292)
Payments for Abandoned Wells	(49,424)	(5,257)
Principal Proceeds from (Repayments for) Long Term Debt	(107,498)	(103,863)
Interest Payments for Long Term Debt	(163,477)	(167,117)
Net Cash Used by Capital and Related Financing Activities	<u>(345,372)</u>	<u>(487,829)</u>
Cash Flows from Investing Activities		
Receipt of Interest	9,018	36,054
Net Cash Provided (Used) by Investing Activities	<u>9,018</u>	<u>36,054</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	68,163	(85,110)
Cash and Cash Equivalents, Beginning of Year	<u>1,561,587</u>	<u>1,646,697</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,629,750</u>	<u>\$ 1,561,587</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 597,364	\$ 593,032
Cash and Cash Equivalents, Restricted	<u>1,032,386</u>	<u>968,555</u>
Total Cash and Cash Equivalents	<u>\$ 1,629,750</u>	<u>\$ 1,561,587</u>

(Continued)

The accompanying notes are an integral part of this statement.

Waterworks District No. 2 of St. Helena Parish
Statement of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (6,630)	\$ (63,067)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	365,682	386,207
(Increase) decrease in Accounts Receivable	5,317	4,262
(Increase) decrease in Other Receivable	(4,026)	11,803
(Increase) decrease in Inventory	1,072	(648)
(Increase) decrease in Prepaid Insurance	(119)	386
Increase (decrease) in Accounts Payable	29,901	304
Increase (decrease) in Accrued Expenses	(2,368)	3,061
Increase (decrease) in Customer Deposits	6,150	4,150
Net Cash Provided by Operating Activities	<u>\$ 394,979</u>	<u>\$ 346,458</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2020 and 2019

Introduction

Waterworks District No. 2 of St. Helena Parish was established July 1983, by an ordinance of the St. Helena Parish Police Jury, Greensburg, Louisiana. The ordinance enacted pursuant to Louisiana Revised Statutes 33:3813, describes and defines the boundaries of the water district, and provides for a five-member governing board of commissioners appointed by the St. Helena Parish Police Jury. The District currently serves 2,753 customers as of December 31, 2020, and operates in an area extending from Livingston Parish on the southern boundary and extending northward through Ward 5, Ward 3 north of Montpelier (bounded on the south by Ward 4), north to most of Ward 2, and parts of Ward 1 and 6. Waterworks District No. 2 of St. Helena Parish was thus created and constitutes a public corporation and political subdivision of the State of Louisiana, and has all the power and privileges granted by the Constitution and statutes of this state to such subdivision, including the authority to incur debt, to issue bonds, and to levy taxes and assessments.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Waterworks District No. 2 of St. Helena Parish is considered a component unit of the St. Helena Parish Police Jury.

1. Summary of Significant Accounting Policies

A. Measurement Focus and Basis of Accounting and Financial Statement Presentation

The District's financial statements are prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as described in the following paragraphs.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended by GASB Statements described in the following paragraphs. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that require capital contributions to the District to be presented as a change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement No. 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements*—

Waterworks District No. 2 of St. Helena Parish

Notes to the Financial Statements

As of and for the Years Ended December 31, 2020 and 2019

and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position*. As required by the Governmental Accounting Standards Board (GASB), the District implemented GASB Statement No. 63 during the year ending December 31, 2012. The District did not have any deferred outflows or deferred inflows of resources at December 31, 2020.

The District has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The application of this standard to long-term debt offerings of the District is more fully described in *Footnote I – Long-Term Debt Obligations*.

All activities of the District are accounted for in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing authority is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

The term measurement focus denotes what is being measured and reported in the District's operating statement. Financial operations of the District are accounted for on the flow of economic resources measurement focus. With this measurement focus, all of the assets and liabilities, available to the District for the purpose of providing goods and services to the public, are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position includes all costs of providing goods and services during the period.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

B. Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2020 and 2019

C. Investments

Investments for the District are reported at fair market value. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy.

D. Inventories

Inventories consist of materials and supplies and are recorded as an expense when consumed. Inventories are valued at cost using the first-in, first-out method.

E. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items consist of prepaid insurance premiums.

F. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Additionally, funds held for customers' meter deposits are also classified as restricted assets.

G. Capital Assets

Capital assets of the District are defined by the District as assets with an initial, individual cost of more than \$500, and an estimated useful life in excess of one year. Capital assets are recorded at either historical cost or estimated historical cost. Donated assets, including water systems donated for continued maintenance by the District, are valued at their estimated fair market value on the date donated. Depreciation of all exhaustible fixed assets is charged as an expense against operations. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	15 - 40 Years
Equipment	5 - 10 Years
Furniture and Fixtures	5 - 10 Years
Vehicles	5 - 7 Years
Utility System	15 - 40 Years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Effective for fiscal year 2020, the District no longer capitalizes interest during the construction period on a prospective basis as per GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2020 and 2019

H. Compensated Absences

The District has the following policy related to vacation and sick leave:

During the fiscal year ending December 31, 2010, the Board of Commissioners approved a change in policy that allows the accumulation of vacation and sick leave as wages are paid every two weeks. The previous policy allowed all regular employees to earn four hours of vacation leave and eight hours of sick leave per month. Under the new policy, 1.85 hours of vacation and 3.7 hours of sick leave are earned per two-week pay period. Unused vacation and sick leave is paid upon termination

In accordance with GASB-16, *Accounting for Compensated Absences*, vacation and sick leave has been accrued for unused employee leave.

I. Long-Term Debt Obligations

Long-term liabilities are recognized within the Enterprise Fund. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65.

The District has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, are revised. This standard was intended to compliment GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65. The District did not have any bond related costs in the year ending December 31, 2020.

GASB Statement No. 23, as amended, establishes accounting and financial reporting for current refundings and advance refundings resulting in defeasance of debt. Refundings involve the issuance of new debt whose proceeds are used to repay previously issued ("old") debt. The new debt proceeds may be used to repay the old debt immediately (a current refunding); or the new debt proceeds may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (an advance refunding). As described in paragraphs 3 and 4 of GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, an advance refunding may result in the in-substance defeasance of the old debt provided that certain criteria are met.

For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2020 and 2019

Paragraph 187 of GASB Statement No. 62 establishes standards of accounting and financial reporting for debt issuance costs. Paragraph 12 of Statement 7 indicates that debt issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs (net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing, legal, administrative, and trustee expenses). Debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. Prepaid insurance costs should be reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

J. Net Position

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2020 and 2019

K. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified, if applicable in order to be consistent with the current year's presentation. All prior period adjustments, if any, recorded in the current period have been reflected in prior period data presented wherever possible.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

At December 31, 2020, the District has cash and cash equivalents (book balances) as follows:

Demand Deposits	\$ <u>1,629,750</u>
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These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities may be considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does not have a formal policy for custodial risk. At December 31, 2020, the District has \$1,641,860 in demand deposits (collected bank balances) for cash and cash equivalents, in one bank. \$250,000 of the demand deposits are secured from risk by \$250,000 of federal deposit insurance and the remaining \$1,391,860 of demand deposits are secured by pledged securities. The \$1,391,860 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2020 and 2019

3. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name

The District had no investments at December 31, 2020.

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

4. Receivables

The following is a summary of receivables at December 31, 2020 and 2019:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>Increase (Decrease)</u>
Accounts Receivable			
Current	\$ 64,973	\$ 63,704	\$ 1,269
31-60 Days Past Due	15,569	21,996	(6,427)
61-90 Days Past Due	2,462	2,434	28
Over 90 Days Past Due	329	516	(187)
Subtotal	<u>83,333</u>	<u>88,650</u>	<u>(5,317)</u>
Allowance for Uncollectible Accounts	<u>(2,112)</u>	<u>(2,112)</u>	<u>-</u>
Net Accounts Receivable	<u>\$ 81,221</u>	<u>\$ 86,538</u>	<u>\$ (5,317)</u>

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. Periodically, the board reviews the aging of receivables and determines the actual amount uncollectible. Per board approval, uncollectible amounts are written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of uncollectability. In 2020, the board authorized write-offs for the fiscal year of \$7,759.

"Other Receivables" totaled \$67,584 for the fiscal year ending December 31, 2020 and include primarily estimated unbilled revenues (accrued billings). Accrued billings amounts were \$67,584 and \$63,493 at December 31, 2020 and 2019 respectively.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2020 and 2019

5. Restricted Assets

Restricted assets were applicable to the following sources at December 31, 2020 and 2019:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Restricted Cash and Cash Equivalents		
Customer Deposits	\$ 10,889	\$ 12,359
Bond Reserve Account - Rural Utility Service (RUS)	201,214	186,450
Bond Depreciation and Contingency Account - RUS	124,603	110,324
Bond Sinking Account - RUS	280,536	278,359
Bond Short Lived Assets	195,652	162,879
Construction Accounts	148,625	147,766
Accumulated Leave Account	70,867	70,418
Total Restricted Assets	\$ 1,032,386	\$ 968,555

6. Capital Assets

A summary of changes in capital assets during the fiscal year ending December 31, 2020 is as follows:

	<u>Beginning Balance 12/31/19</u>	<u>Additions and Reclassifications</u>	<u>Deletions and Reclassifications</u>	<u>Ending Balance 12/31/20</u>
Capital Assets				
Land	\$ 57,231	\$ -	\$ -	\$ 57,231
Building & Improvements	281,599	-	-	281,599
Equipment	186,071	1,439	-	187,510
Furniture and Fixtures	17,764	-	-	17,764
Vehicles	139,377	-	-	139,377
Utility System	14,316,848	-	-	14,316,848
Total Capital Assets in Service	14,998,890	1,439	-	15,000,329
Less Accumulated Depreciation	(5,146,756)	(365,682)	-	(5,512,438)
Total Capital Assets being Depreciated	9,852,134	(364,243)	-	9,487,891
Construction in Progress	116,006	22,348	-	138,354
Total Capital Assets, Net	\$ 9,968,140	\$ (341,895)	\$ -	\$ 9,626,245

During the year ending December 31, 2020, the District purchased additions that included \$1,439 in machinery and equipment for security cameras. Total construction costs increased \$22,348.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2020 and 2019

During the year ending December 31, 2018, the District began the Hwy 10 Water Tank Repainting Project. This project is still in the design stages. Estimated cost is \$120,000 for construction and \$14,241 for engineering.

There was an increase of \$22,348 in construction in progress costs related to the 2019 CWF project. These CWF costs were for engineering and planning costs paid directly by the District. The St. Helena Parish Police Jury paid \$63,185 of the construction contract that totaled \$72,850. The District paid the remaining \$9,665 on the construction contract. The construction was complete at December 31, 2020. The accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

There were no costs in construction in progress costs related to the application for the 2020 CWF project. The District directly pays for engineering and planning costs. This project has not been approved or bid as of December 31, 2020. However, after construction is completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

The District had no other asset disposals during the fiscal year.

Depreciation expense for the fiscal year ending December 31, 2020 was \$365,682.

7. Accounts Payable and Accrued Liabilities

Payables at December 31, 2020 and 2019 were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts Payable:		
Vendors	\$ 55,900	\$ 26,604
Accrued Audit Fees	11,500	11,500
Accrued Accounting Fees	10,500	9,895
Total Accounts Payable	<u>\$ 77,900</u>	<u>\$ 47,999</u>
Accrued Liabilities:		
Accrued Vacation Leave	\$ 10,768	\$ 8,310
Accrued Sick Leave	68,910	64,756
Accrued Wages	3,656	13,383
Other Accrued Liabilities	17,088	16,341
Total Accrued Liabilities	<u>\$ 100,422</u>	<u>\$ 102,790</u>

The District maintains a cash account, totaling \$70,867 at December 31, 2020, to fund the related accrued leave obligation of \$79,678. The District's policy is to periodically transfer cash to fund the cash leave account in an amount equal to the accrued leave obligation.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2020 and 2019

8. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2020:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-Term Debt					
1987 Water Revenue Bonds	\$ 91,623	\$ -	\$ 8,027	\$ 83,596	\$ 8,539
1994 Water Revenue Bonds	220,730	-	10,308	210,422	10,823
1999 Water Revenue Bonds	143,778	-	4,549	139,229	4,770
2000 Water Revenue Bonds	202,157	-	6,175	195,982	6,458
2013 Water Revenue Bonds	2,472,140	-	40,039	2,432,101	41,409
2016 Water Revenue Bonds	2,154,649	-	38,400	2,116,249	39,272
Total Long-Term Debt	\$ 5,285,077	\$ -	\$ 107,498	\$ 5,177,579	\$ 111,271

Bonds payable balances as of December 31, 2020 are as follows:

	<u>Bonds Payable End of Year</u>	<u>Due Within One Year</u>
Revenue Bond \$ 198,000 Water System- RUS Bonds 91-03 sold to Rural Utility Service Dated 9/12/1988 due in annual installments of principal and interest of \$ 13,868 through 1/26/2028 interest at 6.375%	\$ 83,596	\$ 8,539
Revenue Bond \$ 360,000 Water System- RUS Bonds 91-05 sold to Rural Utility Service Dated 5/26/1994 due in annual installments of principal and interest of \$ 21,344 through 1/26/2034 interest at 5.0%	210,422	10,823
Revenue Bond \$ 200,000 Water System- RUS Bonds 91-07 sold to Rural Utility Service Dated 8/26/1999 due in monthly installments of principal and interest of \$ 940 through 8/26/2039 interest at 4.75%	139,229	4,770
Revenue Bond \$ 278,000 Water System- RUS Bonds 91-09 sold to Rural Utility Service Dated 7/1/2000 due in monthly installments of principal and interest of \$ 1,262 through 7/26/2040 interest at 4.5%	195,982	6,458
Revenue Bond \$ 2,659,000 Water Revenue Bonds Series 2013 sold to Rural Utility Service Dated 2/19/2014 due in monthly installments of principal and interest of \$ 10,238 through 1/26/2054 interest at 3.375%	2,432,101	41,409
Revenue Bond \$ 2,238,000 Water Revenue Bonds Series 2016 sold to Rural Utility Service Dated 9/20/2016 due in monthly installments of principal and interest of \$ 7,207 through 9/20/2056 interest at 2.25%	2,116,249	39,272
	\$ 5,177,579	\$ 111,271

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2020 and 2019

The annual requirements to amortize all debt outstanding as of December 31, 2020, including interest payments of \$2,830,608 are as follows:

Year Ending 12/31/20	1987 Water Revenue Bonds			1994 Water Revenue Bonds			1999 Water Revenue Bonds			2000 Water Revenue Bonds		
	\$198,000			\$360,000			\$200,000			\$278,000		
	Principal	Interest	Total									
2021	\$ 8,539	\$ 5,329	\$ 13,868	\$ 10,823	\$ 10,521	\$ 21,344	\$ 4,770	\$ 6,510	\$ 11,280	\$ 6,458	\$ 8,687	\$ 15,145
2022	9,083	4,785	13,868	11,364	9,980	21,344	5,001	6,279	11,280	6,755	8,390	15,145
2023	9,662	4,206	13,868	11,933	9,412	21,344	5,244	6,036	11,280	7,065	8,080	15,145
2024	10,278	3,590	13,868	12,529	8,815	21,344	5,498	5,782	11,280	7,390	7,756	15,146
2025	10,933	2,935	13,868	13,156	8,189	21,345	5,765	5,515	11,280	7,729	7,416	15,145
2026 to 2030	35,100	4,442	39,542	76,329	30,393	106,722	33,307	23,093	56,400	44,311	31,416	75,727
2031 to 2035	-	-	-	74,287	9,391	83,678	42,216	14,184	56,400	55,468	20,259	75,727
2036 to 2040	-	-	-	-	-	-	37,428	3,382	40,810	60,806	6,385	67,191
2041 to 2045	-	-	-	-	-	-	-	-	-	-	-	-
2046 to 2050	-	-	-	-	-	-	-	-	-	-	-	-
2051 to 2055	-	-	-	-	-	-	-	-	-	-	-	-
2056	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 83,595</u>	<u>\$ 25,287</u>	<u>\$ 108,882</u>	<u>\$ 210,421</u>	<u>\$ 86,701</u>	<u>\$ 297,122</u>	<u>\$ 139,229</u>	<u>\$ 70,781</u>	<u>\$ 210,010</u>	<u>\$ 195,982</u>	<u>\$ 98,390</u>	<u>\$ 294,372</u>

Year Ending 12/31/20	2013 Water Revenue Bonds			2016 Water Revenue Bonds			Total		
	\$2,659,000			\$2,238,000					
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 41,409	\$ 81,447	\$ 122,856	\$ 39,272	\$ 47,212	\$ 86,484	\$ 111,271	\$ 159,706	\$ 270,977
2022	42,828	80,028	122,856	40,164	46,320	86,484	115,197	155,781	270,978
2023	44,297	78,559	122,856	41,078	45,406	86,484	119,278	151,700	270,978
2024	45,815	77,041	122,856	42,011	44,473	86,484	123,521	147,457	270,978
2025	47,385	75,471	122,856	42,966	43,518	86,484	127,934	143,044	270,978
2026 to 2030	262,432	351,848	614,280	229,936	202,484	432,420	681,415	643,676	1,325,091
2031 to 2035	310,600	303,680	614,280	257,288	175,132	432,420	739,859	522,646	1,262,505
2036 to 2040	367,609	246,671	614,280	287,893	144,527	432,420	753,736	400,965	1,154,701
2041 to 2045	435,081	179,199	614,280	322,139	110,281	432,420	757,220	289,480	1,046,700
2046 to 2050	514,937	99,343	614,280	360,459	71,961	432,420	875,396	171,304	1,046,700
2051 to 2055	319,713	15,394	335,107	403,337	29,083	432,420	723,050	44,477	767,527
2056	-	-	-	49,703	372	50,075	49,703	372	50,075
	<u>\$ 2,432,106</u>	<u>\$ 1,588,681</u>	<u>\$ 4,020,787</u>	<u>\$ 2,116,246</u>	<u>\$ 960,769</u>	<u>\$ 3,077,015</u>	<u>\$ 5,177,579</u>	<u>\$ 2,830,608</u>	<u>\$ 8,008,188</u>

9. Flow of Funds, Restrictions on Use

Under the terms of the bond issued on September 20, 2016, related to the permanent financing of the Phase V North project, the bonds are payable as to principal and interest solely from the income and revenues derived from the operations of the water system of the District after provisions have been made for the payment of reasonable and necessary expenses of administering, operating, and maintaining of the system. Total interest expense from all water revenue bonds equaled \$162,398 for the year ending December 31, 2020. The gross water revenue recognized during the current period was \$919,895. Bond covenants related to all parity bonds, including the 2001 Water Revenue Refunding Bonds and all issues of the United States Department of Agriculture (USDA)-Rural Utility Service (RUS), and requirements for maintaining a Bond Sinking Fund, a Debt Service Reserve Fund, and a Short-Lived Assets Fund are described below.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2020 and 2019

Bond Sinking Fund

- a. There shall be established a "Water System Revenue Bond and Sinking Fund" - sufficient in amount to pay the principal and interest on outstanding revenue bonds as they become due and payable. Payments are to be made from the Operating Fund (Revenue Fund) of the District, to the "Revenue Sinking Fund" by the 20th of each month, in an amount equal to 1/12 of the interest and principal falling due on the next bond payment date. Monies in the "Revenue Sinking Fund" are deposited as Trust Funds, and are exclusively pledged for the purpose of paying principal and interest on the Revenue Bonds.
- b. The District made all of the required deposits for the RUS Bonds and for the 2001 Water Revenue Refunding Bonds, issued in parity with the RUS Bonds, maintaining a total of \$280,536 at December 31, 2020.

Debt Service Reserve Fund

- c. Bond reserve deposit requirements are as modified by the RUS letter of conditions dated August 30, 2011 for the Phase V South project, and January 17, 2012 for the Phase V North Project. Permanent financing was obtained September 20, 2016 for the Phase V North project. With final USDA financing obtained, payment requirements have been established for the bond reserve deposit requirements and are as stated in Section "d" following.
- d. The Letter of Conditions above for the Phase V South and Phase V North projects state that the District must establish and fund monthly a debt service reserve fund equal to 10% of the monthly payment each month over the life of the loan until you accumulate one annual installment. This reserve is required to establish an emergency fund for maintenance and repairs and debt repayment should the need arise. Prior issues of USDA debt, and the 2001 Water Revenue Refunding Bonds, required that there shall be set aside into a "Utility System Revenue Bond Reserve Fund" and into a separate "Depreciation and Contingency Fund" a sum equal to five percent of the monthly bond payment after the construction project becomes revenue producing, and deposits shall continue until there is accumulated therein an amount equal to the highest succeeding annual debt service payment in any future year. Such amounts, per the Letter of Conditions above for the Phase V South and Phase V North projects, are to be deposited by the 20th of each month and may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund as to which there would otherwise be default, and for emergency and repairs.

In order to maintain consistency with funding requirements, the District continues to deposit the total 10% requirement for the debt service fund as required for the Phase V South and Phase V North issues, but splits the amount as 5% to the "Utility System Revenue Bond Reserve Fund" and 5% to the "Depreciation and Contingency Fund." Combined payment requirements for the RUS bond issues and the 2001 Water Revenue Refunding Bonds, at 5% of loan amounts, was \$1,129 per month for 2020, per USDA requirement.

- e. The twelve required monthly payments to the "Revenue Bond Reserve Fund" were made for the year 2020 with a balance maintained of \$201,214 at December 31, 2020, as compared to a balance of \$186,450 at December 31, 2019.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2020 and 2019

- f. The twelve required monthly payments to the "Depreciation & Contingency Fund" were made for the year 2020. The balance in the "Depreciation and Contingency Fund" at December 31, 2020 was \$124,603, as compared to \$110,324 at December 31, 2019.
- g. All the revenues received in any year and not required to be paid in such year into any of the noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

Short-Lived Assets Fund

- h. In addition to required deposits, as stated above, for the Phase V South and Phase V North projects, a depreciation reserve for short-lived assets is to be established with deposits of \$2,639 required per month. Deposit requirements for the short-lived assets fund began in February 2015, per USDA requirement for the Phase V South Bonds (Water Revenue Bonds, Series 2013). At December 31, 2015, this account was fully-funded with a balance of \$29,075.

10. Restricted Net Position

At December 31, 2020, Waterworks District No. 2 of St. Helena Parish recorded \$903,160 in Restricted Net Position, \$70,867 was for an accrued leave cash account, the remainder of \$832,293 was Restricted for other capital activity and debt service. This represents the District's funds restricted by revenue bond debt covenants, contracts with customers for meter deposits, legal obligations of the District to fund accounts, and the unspent portion of capital debt related to amounts restricted for capital projects less liabilities related to these restricted funds. A liability relates to restricted assets if the asset results from incurring the liability or if the liability will be liquidated with the restricted assets.

11. Litigation and Claims

There is no pending litigation as of December 31, 2020.

12. Deferred Compensation Plan

On November 12, 2009, the Board of Commissioners of the St. Helena Waterworks District No. 2 approved the participation in a deferred compensation plan and for the employer to make contributions of six percent of gross wages. The District participates in the *Louisiana Public Employees Deferred Compensation Plan*. The contribution by the employer will be re-established by the Board of Commissioners before the beginning of each fiscal year. Under the terms of the *Louisiana Public Employees Deferred Compensation Plan*, an employee may contribute up to a maximum of 25 percent of adjusted gross income, not to exceed \$18,000 per calendar year. A special "catch-up" provision may be used to save up to \$15,000 per year for the three years prior to retirement.

As reported by the State of Louisiana Deferred Compensation Program, for the fiscal year ending December 31, 2020, the aggregate account balance of employees of St. Helena Waterworks District No. 2 participating in the plan was \$400,399 for the fiscal year ending December 31, 2020, as compared to \$346,726 for the fiscal year ending December 31, 2019. Employer contributions for the fiscal year ending December 31, 2020 totaled \$17,588, as compared to \$16,897 for the fiscal year ended December 31, 2019.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2020 and 2019

13. Other Commitments

The District has entered into a contract related to the Hwy 10 Water Tank Repainting Project. As of December 31, 2020, the District had remaining costs in the contract with PEC for engineering. The District has incurred \$9,969 in costs leaving a remaining \$4,272 in the contract. Construction is estimated at \$120,000; however, this has not been bid or awarded as of December 31, 2020.

14. COVID-19 Pandemic

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic and this pandemic has resulted in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders, and quarantining of people that may have been exposed to the virus.

COVID-19 and actions taken to mitigate it had and are expected to continue to have adverse effects on the economy. As the COVID-19 pandemic is complex and rapidly evolving, we cannot reasonably estimate the duration or severity of this pandemic nor its full impact on the entity, its financial position, change in financial position, or cash flows.

15. Subsequent Events

Subsequent events have been evaluated by management through June 07, 2021 the date the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2020.

Required Supplementary Information

Part II

Waterworks District No. 2 of St. Helena Parish
Schedule of Revenues, Expenses, and Changes in Net Position-Budget (GAPP Basis) and Actual
For the Year Ended December 31, 2020

	2020 <u>Budget</u>	2020 <u>Actual</u>	Variance Favorable (Unfavorable)	2019 <u>Actual</u>
Operating Revenues				
Water Sales	\$ 910,000	\$ 919,895	\$ 9,895	\$ 893,626
Service and Connection Fees	74,000	79,890	5,890	69,390
Late Payment Penalties	30,000	29,668	(332)	37,461
Grants - Federal	8,200	8,248	48	-
Other	1,625	32,544	30,919	30,979
Total Operating Revenues	<u>1,023,825</u>	<u>1,070,245</u>	<u>46,420</u>	<u>1,031,456</u>
Operating Expenses				
Advertising	1,000	472	528	417
Bad Debts	7,000	7,759	(759)	8,738
Postage	9,250	9,402	(152)	9,140
Chemicals/Treatment	22,000	21,422	578	20,295
Deferred Compensation	17,790	17,588	202	16,897
Depreciation	360,000	365,682	(5,682)	386,207
Director's Expense	4,000	4,020	(20)	3,600
Educational Expense	1,050	1,015	35	350
Fuel	1,900	577	1,323	1,223
Insurance	45,000	45,282	(282)	44,372
Meter Installations	31,000	26,450	4,550	27,700
Other	1,254	31,999	(30,745)	29,954
Payroll Taxes	23,720	23,014	706	22,180
Professional Fees:				
Accounting	15,000	14,550	450	13,130
Auditing	10,500	10,500	-	12,000
Legal Fees	500	-	500	-
Engineering Fees	500	-	500	-
Repairs and Maintenance	60,000	54,796	5,204	75,028
Salaries and Wages	296,500	291,520	4,980	284,728
Software - Maintenance Costs	2,000	1,980	20	1,980
Supplies - Office	7,000	8,113	(1,113)	6,493
Supplies - Water System	36,500	35,474	1,026	32,880
Telephone	7,000	6,753	247	6,370
Travel	500	-	500	-
Utilities	64,500	67,422	(2,922)	65,434
Vehicle Expenses	30,000	31,085	(1,085)	25,407
Total Operating Expenses	<u>1,055,464</u>	<u>1,076,875</u>	<u>(21,411)</u>	<u>1,094,523</u>
Operating Income (Loss)	<u>(31,639)</u>	<u>(6,630)</u>	<u>25,009</u>	<u>(63,067)</u>

(Continued)

See Independent Auditor's Report..

Waterworks District No. 2 of St. Helena Parish
Schedule of Revenues, Expenses, and Changes in Net Position-Budget (GAPP Basis) and Actual
For the Year Ended December 31, 2020

	<u>2020 Budget</u>	<u>2020 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2019 Actual</u>
Nonoperating Revenues (Expenses)				
Interest Income	9,000	9,018	18	36,054
Interest Expense	(164,000)	(162,398)	1,602	(166,096)
Bad Debt Recovery	2,500	2,566	66	5,571
Abandoned Wells Cost	-	(49,424)	(49,424)	(5,257)
Other Income	7,400	6,972	(428)	14,636
Total Nonoperating Revenues (Expenses)	<u>(145,100)</u>	<u>(193,266)</u>	<u>(48,166)</u>	<u>(115,092)</u>
Income (Loss) Before Contributions and Transfers	<u>(176,739)</u>	<u>(199,896)</u>	<u>(23,157)</u>	<u>(178,159)</u>
Contributions				
Capital Contributions	-	-	-	26,700
Special Item				
Impairment on Abandoned Water Wells	-	-	-	(43,849)
Change in Net Position	(176,739)	(199,896)	(23,157)	(195,308)
Total Net Position, Beginning	6,181,452	6,181,452	-	6,376,760
Total Net Position, Ending	<u>\$ 6,004,713</u>	<u>\$ 5,981,556</u>	<u>\$ (23,157)</u>	<u>\$ 6,181,452</u>

(Concluded)

See Independent Auditor's Report

**OTHER SUPPLEMENTAL
INFORMATION**

Schedule 2

Waterworks District No. 2 of St. Helena Parish
Schedule of Insurance
For the year ended December 31, 2020

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>	
Allied World Speciality Insurance Company- Policy # 5106221901 and Policy # 5107221901	Commercial General Liability:		1/22/2020 to 1/22/2021	
	Aggregate Policy Limit	\$ 3,000,000		
	Per Occurance	1,000,000		
	Personal Injury and Advertising	1,000,000		
	Damage to Rented Property	100,000		
	Commercial Auto Liability:		1/22/2020 to 1/22/2021	
	Bodily Injury and Property Damage	1,000,000		
	Professional Liability:		1/22/2020 to 1/22/2021	
	Per Claim	1,000,000		
	Aggregate	3,000,000		
	Wrongful Acts:		1/22/2020 to 1/22/2021	
	Per Claim	1,000,000		
	Aggregate	3,000,000		
	Employment Practices Liability:		1/22/2020 to 1/22/2021	
	Per Claim	1,000,000		
	Aggregate	3,000,000		
	Crime Coverage :		1/22/2020 to 1/22/2021	
	Employee Dishonesty Coverage	250,000		
	Forgery or Alteration Coverage	250,000		
	Theft - Inside and Outside	250,000		
	Computer Fraud Coverage	100,000		
	Property/Inland Marine Coverage - per Filed Statement of Values	Scheduled		1/22/2020 to 1/22/2021
	Excess Commercial Liability:		1/22/2020 to 1/22/2021	
Per Claim	1,000,000			
Aggregate	1,000,000			
Business Auto Coverage - Combined Single Limit Liability:	1,000,000	1/22/2020 to 1/22/2021		
Uninsured Motorists Coverage	1,000,000			
Comprehensive and Collision Coverage, as Scheduled	Scheduled			
Louisiana Workers' Compensation 17223-S	Workmen's Compensation at statutory limits Employer's Liability	1,000,000	4/17/2020 to 4/17/2021	

See Independent Auditor's Report

Waterworks District No. 2 of St. Helena Parish
Schedule of Compensation Paid to Board of Commissioners
For the year ended December 31, 2020

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expiration</u>
Wilbert Knox, President (225) 222-4401	11491 Hwy 38 Greensburg, LA 70441	\$ 900	7/26/24
Lea Vern Sims, Vice President (225) 222-4367	1595 Pumping Station Rd Greensburg, LA 70441	780	7/26/23
Lee Warner, Secretary-Treasurer (985) 974-3101	1001 Hwy 441 Holden, LA 70744	720	7/26/21
Terry Addison, Board Member (225) 278-2947	P.O. Box 52 Greensburg, LA 70441	720	7/26/25
James Baker, Board Member (985) 974-3101	936 McDaniel Rd Amite, LA 70422	900	7/26/22
		<u>\$ 4,020</u>	

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Schedule 4

**Waterworks District No. 2 of St. Helena Parish
Schedule of Compensation, Reimbursements, Benefits, and
Other Payments to Agency Head
For the year ended December 31, 2020**

Agency Head Name: Wilbert Knox, President

<u>Purpose</u>	<u>Compensation Received</u>
Per Diem - Board Member	\$ 900

See Independent Auditor's Report

Waterworks District No. 2 of St. Helena Parish
Schedule of Water Rates
For the year ended December 31, 2020

Water	
Residential Rates	Commercial Rates
\$ 15.00 - First 2,000 Gallons	\$ 33.00 - First 8,000 Gallons
3.00 - Per 1,000 Gallons of Water over 2,000 Gallons	\$ 3.00 - Per 1,000 Gallons of Water over 8,000 Gallons

Waterworks District No. 2 of St. Helena Parish
Schedule of Water Customers
For the year ended December 31, 2020

	December 31, 2020	December 31, 2019	Increase (Decrease)
Customers			
Residential	2,682	2,532	150
Commercial and Dairy	71	71	-
Total Customers	2,753	2,603	150
Number of customers having a meter size larger than the residential size (3/4")			56

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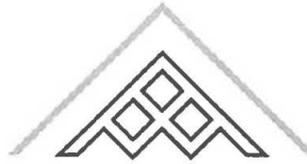
**OTHER INDEPENDENT AUDITOR'S REPORT
and OTHER MATTERS**

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing
Standards***

ANTHONY B. BAGLIO, CPA
PRESIDENT

MEMBER

American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants



ANTHONY B. BAGLIO, CPA

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June 07, 2021

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana, a component unit of the St. Helena Parish Police Jury, as of and for the years ended December 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprise Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's basic financial statements, and have issued my report thereon dated June 07, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control. Accordingly, I do not express an opinion on the effectiveness of Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waterworks District No. 2 of St. Helena Parish's, Greensburg, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

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



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

June 07, 2021

**SCHEDULE OF CURRENT YEAR AUDIT
FINDINGS**

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

**SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
As of and for the Year Ended December 31, 2020**

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

I have audited the financial statements of Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana as of and for the year ended December 31, 2020 and have issued my report thereon dated June 07, 2021. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States. My audit of the financial statements as of December 31, 2020 resulted in an unqualified opinion.

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material weaknesses identified.	___ Yes	___ <u>X</u> No
Significant deficiencies identified not Considered to be material weaknesses?	___ Yes	___ <u>X</u> No

Compliance

Noncompliance material to financial statements noted?	___ Yes	___ <u>X</u> No
--	---------	-----------------