

CAMERON PARISH WATERWORKS DISTRICT NO. 10  
Johnson Bayou, Louisiana

ANNUAL FINANCIAL REPORT  
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2020

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## CAMERON PARISH WATERWORKS DISTRICT NO. 10

### Management's Discussion and Analysis

The Management's Discussion and Analysis of the Cameron Parish Waterworks District No. 10 (the District) 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**

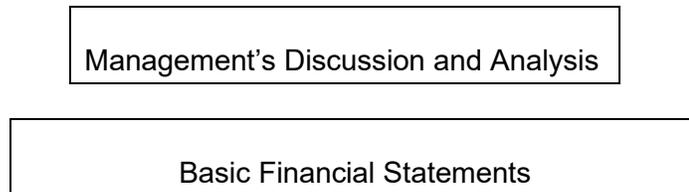
- \* The District's assets exceeded its liabilities by \$6,138,658 (net position).
- \* Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$3,499,933 include property and equipment, net of accumulated depreciation, and reduced for any outstanding debt related to the purchase or construction of capital assets.
  - (2) Net position - unrestricted of \$2,638,725 represents the portion available to maintain the District's continuing obligations to customers and creditors.
- \* Total revenues of \$1,270,942 were in excess of total expenditures of \$964,805, which resulted in a current year surplus of \$306,137, compared to the prior year's deficit of \$264,146.
- \* Total operating revenues decreased by \$101,860 or 56.2% from the prior year, mainly due to hurricane related loss revenue. Operating expenses decreased by \$15,773 or 1.6% from the prior year, mainly from a decrease in utilities.

## CAMERON PARISH WATERWORKS DISTRICT NO. 10

### Management's Discussion and Analysis

#### **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.

#### **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 presents all of the District's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, with the difference reported as net position. Net position may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The Statement of Cash Flows 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 from operating activities (indirect method) as required by GASB 34.

The notes provided additional information that is essential to a full understanding of the data provided in the financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Management's Discussion and Analysis

**FINANCIAL ANALYSIS OF THE DISTRICT**

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole. The District's net position at fiscal year end is \$6,138,658. The following table provides a summary of the District's net position:

	<u>2020</u>	<u>2019</u>
Current assets	\$ 3,512,035	\$ 3,081,278
Capital assets	<u>3,499,933</u>	<u>3,699,197</u>
Total assets	7,011,968	6,780,475
Deferred outflows of resources	<u>94,600</u>	<u>157,129</u>
Total liabilities	<u>864,915</u>	<u>1,280,904</u>
Deferred inflows of resources	<u>102,995</u>	<u>27,156</u>
Net position:		
Net investment in capital assets	3,499,933	3,699,197
Net position - unrestricted	<u>2,638,725</u>	<u>1,930,347</u>
Total net position	<u>\$ 6,138,658</u>	<u>\$ 5,629,544</u>

Net position of the District increased by \$306,137 for the year ended December 31, 2020.

	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 181,332	\$ 283,192
Operating expenses	<u>964,805</u>	<u>980,578</u>
Operating income (loss)	(783,473)	(697,386)
Non-operating revenues (expenses)	<u>1,089,610</u>	<u>433,240</u>
Net increase (decrease) in net position	<u>\$ 306,137</u>	<u>\$ (264,146)</u>

The District's operating revenues are derived primarily from fees for water services. The District's operating revenues are insufficient to cover operating expenses and must rely on ad valorem taxes to supplement income.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Management's Discussion and Analysis

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The District's net investment in capital assets as of December 31, 2020 was \$3,499,933. See Note C for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	<u>2020</u>	<u>2019</u>
Non-depreciable asset:		
Land	\$ 40,120	\$ 40,120
Depreciable assets:		
Buildings	7,446	7,446
Distribution system	5,900,597	5,900,597
Furniture, Fixtures and equipment	<u>2,507,037</u>	<u>2,500,978</u>
Total depreciable assets	8,415,080	8,409,021
Less accumulated depreciation	<u>4,955,267</u>	<u>4,749,944</u>
Book value-depreciable assets	<u>3,459,813</u>	<u>3,659,077</u>
Percentage depreciated	<u>59%</u>	<u>56%</u>
Book value-all assets	<u>\$ 3,499,933</u>	<u>\$ 3,699,197</u>

At December 31, 2020 the depreciable capital assets were 59% depreciated. This compares more than the December 31, 2019 percentage. This comparison indicates that the District depreciates its assets at a higher rate than they are replaced.

**DEBT**

The District has no debt.

**ECONOMIC CONDITIONS AFFECTING THE DISTRICT**

Since the primary revenue stream for the District is charges for revenue, the District's revenues are subject to changes in the economy.

**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 any questions about this report or need additional financial information, contact Rhonda Morrison, Secretary, 6246 Gulf Beach Hwy, Cameron, LA 70631.



RAYMOND GUILLORY, JR., C.P.A.  
COY T. VINCENT, C.P.A.  
MICHELLE LEE, C.P.A.  
BRADLEY J. CASIDAY, C.P.A., C.V.A.  
BRIAN MCCAIN, C.P.A.  

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GRAHAM A. PORTUS, E.A.  
KATHRYN BLESSINGTON, C.P.A.  
JACKLYN BARLOW, C.P.A.  
BLAKE MANUEL, C.P.A.

## INDEPENDENT AUDITORS' REPORT

September 10, 2021

Board of Commissioners  
Cameron Parish Waterworks District No. 10  
Johnson Bayou, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Cameron Parish Waterworks District No. 10, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Cameron Parish Waterworks District No. 10'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.

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Cameron Parish Waterworks District No. 10 as of December 31, 2020, and the respective changes in financial position and the cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and supplemental information on pages 3 through 6 and 34 through 37, respectively 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cameron Parish Water Districts No. 10's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

Cameron Parish Waterworks District No. 10  
September 10, 2021  
Page Three

America. In our opinion, the schedule is 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*, we have also issued our report dated September 10, 2021, on our consideration of Cameron Parish Waterworks District No. 10's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Cameron Parish Waterworks District No. 10's internal control over financial reporting and compliance.

*Thompson, Cassidy: Skillery*

## CAMERON PARISH WATERWORKS DISTRICT NO. 10

## Statement of Net Position

December 31, 2020

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 55,848	\$ 118,223
Investments	2,171,354	2,227,832
Receivables		
Ad valorem taxes, net	934,068	688,178
Accounts, net	-	24,215
Intergovernmental - FEMA	324,140	-
Prepaid expenses	<u>26,625</u>	<u>22,830</u>
Total Current Assets	3,512,035	3,081,278
Property, plant and equipment		
Buildings	7,446	7,446
Distribution system	5,900,597	5,900,597
Furnitures, fixtures and equipment	<u>2,507,037</u>	<u>2,500,978</u>
	8,415,080	8,409,021
Less accumulated depreciation	<u>4,955,267</u>	<u>4,749,944</u>
	3,459,813	3,659,077
Land	<u>40,120</u>	<u>40,120</u>
	3,499,933	3,699,197
Total Assets	<u>\$ 7,011,968</u>	<u>\$ 6,780,475</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 94,600</u>	<u>\$ 157,129</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accrued liabilities	\$ 5,501	\$ 20,843
Unearned revenue	<u>545,930</u>	<u>807,308</u>
Total Current Liabilities	551,431	828,151
Net OPEB obligation	312,166	340,605
Net pension liability	1,318	112,148
Total Liabilities	<u>\$ 864,915</u>	<u>\$ 1,280,904</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 102,995</u>	<u>\$ 27,156</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 3,499,933	\$ 3,699,197
Net position - unrestricted	2,638,725	1,930,347
Total Net Position	<u>\$ 6,138,658</u>	<u>\$ 5,629,544</u>

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

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Statement of Revenues, Expenses  
and Changes in Net Position

Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 180,382	\$ 281,639
Miscellaneous revenue	950	1,553
	<u>181,332</u>	<u>283,192</u>
<b>OPERATING EXPENSES</b>		
Advertising	-	70
Auto	15,250	25,488
Bank fees	8	17
Computer expense	-	1,270
Depreciation	252,153	247,021
Dues	717	-
Employee benefits - OPEB	(1,403)	2,969
Insurance - general	27,223	27,078
Insurance - health	74,911	83,628
Maintenance	153,936	146,057
Miscellaneous	6,867	8,197
Per diem	6,000	4,500
Postage	1,541	1,837
Professional fees	9,673	9,673
Rent	622	622
Retirement-employees	32,580	27,614
Retirement - net pension liability	502	30,943
Salaries	286,471	234,375
Supplies	53,167	72,283
Taxes and licenses	4,887	2,986
Telephone	7,310	8,774
Travel and training	695	2,370
Utilities	31,695	42,806
TOTAL OPERATING EXPENSES	<u>964,805</u>	<u>980,578</u>
OPERATING INCOME (LOSS)	<u>(783,473)</u>	<u>(697,386)</u>

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

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Statement of Revenues, Expenses  
and Changes in Net Position - Continued

Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes, net	\$ 1,053,066	\$ 688,398
Intergovernmental - FEMA	324,141	(278,240)
Hurricane related expenses	(324,141)	-
Gain on sale of assets	19,855	-
Interest income	16,689	23,082
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,089,610</u>	<u>433,240</u>
CHANGE IN NET POSITION	306,137	(264,146)
NET POSITION - BEGINNING	5,629,544	5,893,690
Prior period adjustment	202,977	-
NET POSITION - BEGINNING - restated	<u>5,832,521</u>	<u>5,893,690</u>
NET POSITION - ENDING	<u>\$ 6,138,658</u>	<u>\$ 5,629,544</u>

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

## CAMERON PARISH WATERWORKS DISTRICT NO. 10

## Statement of Cash Flows

Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from customers and others	\$ 125,428	\$ 333,867
Payments for supplies and expenses	(445,318)	(498,551)
Payments to employees for services	<u>(265,654)</u>	<u>(200,463)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	(585,544)	(365,147)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Ad valorem taxes	483,036	399,853
Intergovernmental revenues	<u>-</u>	<u>(278,240)</u>
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	483,036	121,613
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of fixed assets	(52,888)	(97,170)
Proceeds from the sale of fixed assets	<u>19,855</u>	<u>-</u>
NET CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(33,033)	(97,170)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase) sale of investments	56,478	(2,227,832)
Interest on investments	<u>16,689</u>	<u>23,082</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	73,167	(2,204,750)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	(62,374)	(2,545,454)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		
	<u>118,223</u>	<u>2,663,677</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		
	<u>\$ 55,849</u>	<u>\$ 118,223</u>
<b>RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (783,473)	\$ (697,386)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	252,153	247,021
Net change in deferred outflows/inflows	138,368	(147,557)
(Increase) decrease in:		
Accounts receivable	25,215	(21,613)
Prepaid expense	(3,795)	718
Increase (decrease) in:		
Accounts payable	-	-
Accrued liabilities	(15,342)	(87)
Unearned revenue	(261,378)	72,288
OPEB obligation	174,538	50,465
Net pension liability	<u>(110,830)</u>	<u>131,004</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (584,544)</u>	<u>\$ (365,147)</u>

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

# CAMERON PARISH WATERWORKS DISTRICT NO. 10

## Notes to Financial Statements

December 31, 2020

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cameron Parish Waterworks District No. 10 was created by the Cameron Parish Police Jury under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the Johnson Bayou area of the Parish. The District is governed by a board of commissioners.

#### 1. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity for Cameron Parish Waterworks District No. 10. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

Because the police jury appoints a voting majority to the board and has the ability to impose its will, the District was determined to be a component unit of the Cameron Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

The financial statements of the District are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred.

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 operating revenues of the District come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses from 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.

3. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 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 and national banks having their principal offices in Louisiana.

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 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. At December 31, 2020, the District has \$103,489 in deposits (collected bank balances). These deposits are secured from risk by \$103,489 of federal deposit insurance.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Investments

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer. The financial statements of the Louisiana Asset Management Pool, Inc. (LAMP) can be obtained by accessing their website.

Investments held at December 31, 2020 consist of \$2,171,354 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126 the investment in LAMP at December 31, 2020 is not categorized in the three risk categories provided by GASB Codification Section 150.126 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

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 LSA- R.S. 33:2955.

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

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

Credit risk: LAMP is rated AAAM by Standard & Poor's.

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

## CAMERON PARISH WATERWORKS DISTRICT NO. 10

### Notes to Financial Statements

December 31, 2020

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 of 762 days for U.S. Government floating/variable rate investments.

Foreign currency risk: Not applicable to 2a7-like pools.

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.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA- R.S. 33:2955 (A)(J)(h) which allows all municipalities, parishes, school boards, and any other political subdivision of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. 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 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.

#### 5. Accounts Receivable

The District utilizes the allowance method to recognize doubtful accounts. The allowance for doubtful accounts at December 31, 2020 was \$-.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water user fees. The District's ability to collect the amounts due from the users of the District water system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disasters or other calamity in this one concentrated geographic location.

#### 6. Compensated Absences

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

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Vacation – 5-25 days per year depending on length of service

Sick Leave – 12-18 days per year, depending on length of service

The District's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 also provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2020, the District had an accrual for compensated absences of \$235.

7. Statement of Cash Flow

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents.

8. Net Position

In the financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Net position – restricted – Consists of net position with constraints placed on use either by (1) external groups such as creditors grantors, contributors, laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Net position - unrestricted – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net or related debt”.

When an expense is incurred for purposes for which both restricted and unrestricted amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first.

9. 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 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.

10. Budgets

An enterprise fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government’s Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget.

Expenditures may not legally exceed budgeted appropriations at the activity level.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. Subsequent Events

Management has evaluated subsequent events through September 10, 2021 the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the District's ongoing operations; however, the extent and severity of the potential impact is unknown at this time.

12. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2020, taxes of 4.16 mills were levied on property with taxable assessed valuations totaling \$232,491,408.

Total taxes levied were	<u>\$ 967,162</u>
-------------------------	-------------------

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15<sup>th</sup> of the current year, and become delinquent after December 31<sup>st</sup>. Property taxes not paid by the end of February are subject to lien.

In addition, in 2018 the District entered into an agreement with Sabine Pass LNG whereas the District would receive \$72,288 per year for the years 2018, 2019 and 2020 as a settlement amount to not pay any property taxes for those respective years.

NOTE C – PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are valued at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	15 years
Distribution system	15-45 years
Furniture, fixtures and equipment	5-20 years

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE C – PROPERTY, PLANT AND EQUIPMENT - CONTINUED

A summary of changes in property, plant and equipment for the year ended December 31, 2020 are as follows:

	Beginning of Year	Net Additions	End of Year
Buildings	\$ 7,446	\$ -	\$ 7,446
Distribution system	5,900,597	-	5,900,597
Furniture, fixtures and equipment	2,500,978	6,059	2,507,037
Land	40,120	-	40,120
	<u>8,449,141</u>	<u>\$ 6,059</u>	<u>8,455,200</u>
Less accumulated depreciation	<u>4,749,944</u>		<u>4,955,267</u>
TOTALS	<u>\$ 3,699,197</u>		<u>\$ 3,499,933</u>

Depreciation expense was \$252,153 for the year ended December 31, 2020.

NOTE D - RETIREMENT COMMITMENTS

The District participates in a state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the District’s full-time employees. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. Additional disclosures with respect to the District’s participation in these systems are provided below.

Parochial Employees’ Retirement System

The System is composed of two distinct plans, Plan A and Plan B with separate assets and benefit provisions. Employees of the District are members of Plan A. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least twenty-eight hours per week and not participating in another public funded retirement system. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the system. Under Plan A, employees hired prior to January 1, 2007 can retire at any age with 30 or more years of creditable service, age 55 with 25 years of creditable service, age 60 with 10 years of creditable service, or age 65 with 7 years of creditable service. Employees hired after January 1, 2007 can retire at age 55 with 30 or more years of creditable service, age 62 with 10 years of creditable service, or age 67 with 7 years of creditable service. Retirees are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensation multiplied by the employee’s years of credited service. Final

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

compensation is the employee's monthly earnings during the 36 consecutive or jointed months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Parochial Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898.

Plan members are required to contribute 9.5% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 12.25% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the System's Board of Trustees. The District's contributions to the System for the year ended December 31, 2020 totaled \$32,579.

At December 31, 2020, the District reported a liability of \$1,318 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2019, the District's proportion was .0280160%.

For the year ended December 31, 2020, the District recognized pension expense of \$25,923 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$980. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 11,806
Difference between expected and actual Investment	-	49,437
Difference between expected and actual Assumption	18,419	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	165	4,177
Contributions subsequent to the measurement date	<u>32,579</u>	<u>-</u>
Total	<u>\$ 51,163</u>	<u>\$ 65,420</u>

\$32,579 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2021	\$ (10,606)
2022	(13,340)
2023	347
2024	(23,237)
2025	-
Thereafter	-

*Actuarial methods and assumption.* The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.50% (Net of investment expense, including inflation)
Expected Remaining Service Lives	4 years
Projected Salary Increases	4.75%
Inflation Rate	2.40%
Cost of Living Adjustments	The present values of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet amortized by the Board of Trustees.
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees using MP2018 scale for disabled annuitants. Multiplying each table by 130% for males and 125% for females.

The discount rate used to measure the total pension liability was 6.50% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations and projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% for the year ended December 31, 2019.

Best estimates of arithmetic real rates of return for major asset class included in the System's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	35%	1.05%
Equity	52%	3.41%
Alternatives	11%	0.61%
Real assets	2%	0.11%
Total	100%	5.18%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.18%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for the General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

*Sensitivity to changes in discount rate.* The following presents the net pension liability of the District calculated using the discount rate of 6.50%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.50% or one percentage point higher 7.50% than the current rate.

	Changes in Discount Rate		
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability (Asset)	\$ 142,543	\$ 1,319	\$ (117,024)

NOTE E - PER DIEM

In accordance with Louisiana Revised Statute 33:3819, per diem is allowed not to exceed \$100 per meeting attended, up to twenty-four regular meetings and twelve special meetings. The Board has approved per diem at \$100.

Per diem paid commissioners for the year ended December 31, 2020 were as follows:

Connie Trahan	\$ 1,300
Wesley Roberts	1,200
Kent Carlson	1,200
Jim Snyder	1,000
Nathan Griffith	<u>1,300</u>
	<u>\$ 6,000</u>

NOTE F - 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; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE G – UNEARNED REVENUE

Sabine Pass' LNG is a liquefied natural gas receiving facility located within the Cameron Parish boundaries. Sabine Pass' LNG qualified for the State of Louisiana's industrial ad valorem tax abatement program for a ten year period beginning in the year Sabine Pass' LNG's operations commenced. As a result of this abatement, in February 2007, Cameron Parish Waterworks

# CAMERON PARISH WATERWORKS DISTRICT NO. 10

## Notes to Financial Statements

December 31, 2020

### NOTE G – UNEARNED REVENUE - CONTINUED

District No. 10 entered into a Cooperative Endeavor and Payment in Lieu of Tax Agreement with Sabine Pass' LNG wherein Sabine Pass' LNG agreed to make advanced payments of its ad valorem tax liability which will begin in the eleventh year after operations commence. In return, Cameron Parish Waterworks District No. 10 agreed to provide Sabine Pass' LNG with a dollar for dollar credit against those future taxes. As a result of these advanced payments, the Cameron Parish Waterworks District No. 10 annually records unearned revenue. These payments will continue to accrue until the ad valorem tax is assessed against Sabine Pass' LNG and the credits are applied at which time the revenue will be recognized by Cameron Parish Waterworks District No. 10. The balance of unearned revenue at December 31, 2020 is \$545,930.

### NOTE H – POST-EMPLOYMENT BENEFITS

#### **General Information about the OPEB Plan**

*Plan description* – The District provides certain continuing health care and life insurance benefits for its retired employees. The District's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the District. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the District. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

*Benefits Provided* – Medical and life insurance benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees retirement eligibility (D.R.O.P. entry) provisions are as follows: Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Life insurance coverage is provided to retirees and 100% of the blended rate (active and retired) is paid by the employer. A level \$20,000 amount of insurance coverage while active is continued after retirement.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE H – POST-EMPLOYMENT BENEFITS – CONTINUED

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

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>4</u>
	<u><u>5</u></u>

**Total OPEB Liability**

The District's total OPEB liability of \$312,166 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs* – The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%
Salary increases	3.0%, including inflation
Discount rate	2.74% annually (Beginning of Year to Determine ADC)
	2.12%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2020 the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2020.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE H – POST-EMPLOYMENT BENEFITS – CONTINUED

**Changes in the Total OPEB Liability**

Balance at December 31, 2019	\$ 340,605
Changes for the year:	
Service cost	5,475
Interest	9,408
Differences between expected and actual experience	(24,339)
Changes in assumptions	(2,379)
Benefit payments and net transfers	(16,604)
Net changes	(28,439)
Balance at December 31, 2020	\$ 312,166

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current discount rate:

	<b>1.0% Decrease (1.74%)</b>	<b>Current Discount Rate (2.74%)</b>	<b>1.0% Increase (3.74%)</b>
Total OPEB liability	\$ 345,283	\$ 312,166	\$ 284,322

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	<b>1.0% Decrease (4.5%)</b>	<b>Current Trend (5.5%)</b>	<b>1.0% Increase (6.5%)</b>
Total OPEB liability	\$ 289,805	\$ 312,166	\$ 338,126

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE H – POST-EMPLOYMENT BENEFITS – CONTINUED

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2020, the District recognized OPEB expense of \$15,202. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,852	\$ 21,905
Changes in assumptions	31,584	15,670
<b>Total</b>	<b>\$ 43,437</b>	<b>\$ 37,575</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending December 31:	
2021	319
2022	319
2023	319
2024	319
2025	319
Thereafter	4,267

NOTE I – LEASES

The District has a lease for property to operate the water plant in Holly Beach, Louisiana in effect for the year ended December 31, 2020. The lease originated July 16, 1979, with an initial term of ninety-nine (99) years. The lease calls for an annual lease payment based on the

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE I – LEASES – CONTINUED

preceding annual payment multiplied by the percentage of increase in the annual average CPI for the last full calendar year of the preceding ten-year period over the CPI for the last full calendar year of the previous preceding ten-year period. Additionally, the district has entered into an annually renewing lease agreement for use of property to drill a test well for the purpose of distribution of water to a portion of the water district. Total lease payments made for the year ended December 31, 2020 were \$622.

The minimum future lease payments under these obligations are as follows:

2021	513
2022	513
2023	513
2024	513
2025	513
2026-2030	2,565
2031-2035	2,565
2036-2040	2,565
2041-2045	2,565
2046-2050	2,565
2051-2055	2,565
2056-2060	2,565
2061-2065	2,565
2066-2070	2,565
2071-2075	2,565
2076-2080	2,565
2081-2085	2,565
2086-2088	1,539
	<u>34,884</u>
	<u>\$ 34,884</u>

NOTE J– TAX ABATEMENTS

Louisiana’s State Constitution Chapter VII Section 21 authorizes the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment related to manufacturing for the first ten years of its operation; after which the property will be added to the local tax roll and taxed at the value and millages in force at the time. The future value of this exempt property could be subject to significant fluctuation from today’s value; however, the District could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. All applicable agreements have been entered into by the Cameron Parish

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Notes to Financial Statements

December 31, 2020

NOTE J – TAX ABATEMENTS – CONTINUED

Police Jury and directly affect the District's ad valorem assessments. Because these taxes are not assessed or due, no adjustments have been made to the District's financial statements to record a receivable. As of December 31, 2020, \$1,465,373,945 of assessed property in the District's taxing jurisdiction is receiving this exemption, which amounts to \$6,095,956 in ad valorem taxes.

NOTE K – PRIOR PERIOD ADJUSTMENT

The beginning net position has been restated to reflect an adjustment to the deferred revenue and ad valorem tax revenue in the prior period:

	<u>Amount</u>
Net position at December 31, 2019	\$ 5,629,544
Deferred revenue	<u>202,977</u>
Net position at December 31, 2019, restated	<u>\$ 5,832,521</u>

NOTE L – COMMITMENTS AND CONTINGENCIES

On August 27, 2020 Hurricane Laura made landfall in Southwest Louisiana as a Category 4 hurricane which was followed by Hurricane Delta on October 8, 2020. As of December 31, 2020, a receivable and revenue of \$324,140 is recorded representing the net hurricane expenses recoverable by FEMA through December 31, 2020. This amount is net of \$83,661 insurance proceeds received during 2020. It is estimated that the final cost of hurricane damages will be \$2.4million, fully paid by insurance and FEMA proceeds.

REQUIRED SUPPLEMENTAL INFORMATION

## CAMERON PARISH WATERWORKS DISTRICT NO. 10

Statement of Revenues, Expenses  
and Changes in Net Position- Budget and Actual

Year Ended December 31, 2020

	Budget		Actual	Variance
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 275,900	\$ 152,600	\$ 180,382	\$ 27,782
Miscellaneous revenue	-	-	950	950
TOTAL OPERATING REVENUES	<u>275,900</u>	<u>152,600</u>	<u>181,332</u>	<u>28,732</u>
OPERATING EXPENSES				
Advertising	100	100	-	100
Auto	15,000	15,000	15,250	(250)
Bank fees	-	-	8	(8)
Computer expense	1,000	1,000	-	1,000
Depreciation	244,000	244,000	252,153	(8,153)
Dues	700	700	717	(17)
Employee benefits - OPEB	11,000	11,000	(1,403)	12,403
Insurance - general	27,000	27,000	27,223	(223)
Insurance - health	84,000	84,000	74,911	9,089
Maintenance	80,000	80,000	153,936	(73,936)
Miscellaneous	45,000	45,000	6,867	38,133
Per diem	6,000	6,000	6,000	-
Postage	1,700	1,700	1,541	159
Professional fees	10,000	10,000	9,673	327
Rent	650	650	622	28
Retirement-employees	27,000	27,000	32,580	(5,580)
Retirement - net pension liability	10,000	10,000	502	9,498
Salaries	233,000	233,000	286,471	(53,471)
Supplies	83,000	83,000	53,167	29,833
Taxes and licenses	3,000	3,000	4,887	(1,887)
Telephone	10,000	10,000	7,310	2,690
Travel and training	2,500	2,500	695	1,805
Utilities	45,000	45,000	31,695	13,305
TOTAL OPERATING EXPENSES	<u>939,650</u>	<u>939,650</u>	<u>964,805</u>	<u>(25,155)</u>
OPERATING INCOME (LOSS)	<u>(663,750)</u>	<u>(787,050)</u>	<u>(783,473)</u>	<u>3,577</u>
NON-OPERATING REVENUES (EXPENSES)				
Ad valorem taxes, net	772,000	772,000	1,053,066	281,066
Intergovernmental - FEMA	-	280,000	324,141	44,141
Hurricane related expenses	-	(280,000)	(324,141)	(44,141)
Gain on sale of assets	-	-	19,855	-
Interest income	15,000	15,000	16,689	1,689
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>787,000</u>	<u>787,000</u>	<u>1,089,610</u>	<u>302,610</u>
CHANGE IN NET POSITION	123,250	(50)	306,137	306,187
NET POSITION - BEGINNING	5,629,544	5,629,544	5,629,544	-
Prior period adjustment	-	-	202,977	202,977
NET POSITION - BEGINNING - restated	<u>5,629,544</u>	<u>5,629,544</u>	<u>5,832,521</u>	<u>202,977</u>
NET POSITION - ENDING	<u>\$ 5,752,794</u>	<u>\$ 5,629,494</u>	<u>\$ 6,138,658</u>	<u>\$ 509,164</u>

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Schedule of Changes in Net OPEB Liability and Related Ratios

Year Ended December 31, 2020

	2018	2019	2020
<b>Total OPEB Liability</b>			
Service cost	\$ 5,222	\$ 4,545	\$ 5,475
Interest	10,610	11,989	9,408
Changes of benefit terms	-	-	-
Differences between expected and actual experience	1,773	12,586	(24,339)
Changes of assumptions	(17,588)	37,901	(2,379)
Benefit payments	<u>(15,693)</u>	<u>(16,556)</u>	<u>(16,604)</u>
<b>Net change in total OPEB liability</b>	<u>(15,676)</u>	<u>50,465</u>	<u>(28,439)</u>
<b>Total OPEB liability - beginning</b>	<u>305,816</u>	<u>290,140</u>	<u>340,605</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$ 290,140</u></u>	<u><u>\$ 340,605</u></u>	<u><u>\$ 312,166</u></u>
Covered-employee payroll	\$ 197,203	\$ 203,119	\$ 291,158
Net OPEB liability as a percentage of covered-employee payroll	147.13%	167.69%	107.22%
<b>Notes to Schedule:</b>			
Benefit Changes:	None	None	None
Changes of Assumptions:			
Discount Rate:	4.10%	2.74%	2.12%
Mortality:	RP-2000	RP-2000	RP-2014
Trend:	5.50%	5.50%	Variable

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Schedule of Employer's Proportionate Share of Net Pension Liability

Year Ended December 31, 2020

Parochial Employees' Retirement System of Louisiana

	December 30, 2020	December 30, 2019	December 30, 2018	December 30, 2017	December 30, 2016	December 30, 2015
Employer's portion of the net pension liability (asset)	0.02802%	0.02527%	0.02540%	0.02629%	0.22001%	0.21411%
Employer's proportionate share of the net pension liability (asset)	\$ 1,319	\$ 112,148	\$ (18,856)	\$ 54,149	\$ 57,914	\$ 5,854
Employer's covered payroll	\$ 307,287	\$ 234,463	\$ 227,034	\$ 225,686	\$ 193,247	\$ 183,261
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.43%	47.83%	-8.31%	23.99%	29.97%	3.19%
Plan fiduciary net position as a percentage of the total pension liability	99.89%	88.86%	101.98%	94.15%	92.23%	99.14%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

\*The amounts presented have a measurement date of December 31, 2019.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Schedule of Employer Contributions

Year Ended December 31, 2020

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Parochial Employees Retirement System of Louisiana (System):					
2015	\$ 15,836	\$ 15,836	\$ -	\$ 183,261	8.6%
2016	\$ 23,567	\$ 23,567	\$ -	\$ 193,247	12.2%
2017	\$ 26,115	\$ 26,115	\$ -	\$ 225,686	11.6%
2018	\$ 25,660	\$ 25,660	\$ -	\$ 227,034	11.3%
2019	\$ 27,614	\$ 27,614	\$ -	\$ 234,463	11.8%
2020	\$ 32,579	\$ 32,579	\$ -	\$ 307,287	10.6%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## OTHER INFORMATION

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Schedule of Compensation, Benefits and Other Payments  
To Chief Executive Officer

Year Ended December 31, 2020

Chief Executive Officer: Nathan Griffith, Board President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	1,300
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-



RAYMOND GUILLORY, JR., C.P.A.  
COY T. VINCENT, C.P.A.  
MICHELLE LEE, C.P.A.  
BRADLEY J. CASIDAY, C.P.A., C.V.A.  
BRIAN MCCAIN, C.P.A.  
GRAHAM A. PORTUS, E.A.  
KATHRYN BLESSINGTON, C.P.A.  
JACKLYN BARLOW, C.P.A.  
BLAKE MANUEL, C.P.A.

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

September 10, 2021

Board of Commissioners  
Cameron Parish Waterworks District No. 10  
Johnson Bayou, Louisiana

We 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 the business-type activities of the Cameron Parish Waterworks District No. 10, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Cameron Parish Waterworks District No. 10's basic financial statements, and have issued our report thereon dated September 10, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cameron Parish Waterworks District No. 10's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cameron Parish Waterworks District No. 10's internal control. Accordingly, we do not express an opinion on the effectiveness of Cameron Parish Waterworks District No. 10'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or, detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cameron Parish Waterworks District No. 10's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Cameron Parish Waterworks District No. 10's Response to Findings**

Cameron Parish Waterworks District No. 10's response to the findings identified in our audit is described in the accompanying findings and responses. The District's response was not subjected to the auditing procedures in the audit of the financial statements, and accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Shagun, Casiday: Hillary*

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Schedule of Findings and Responses

Year Ended December 31, 2020

1. Summary of Auditors' Results:

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses(es) identified?  yes  no
- Control deficiencies identified that are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to financial statements noted?

yes  no

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

**Finding #2020-001:**

**Inadequate Segregation of Duties**

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

CAMERON PARISH WATERWORKS DISTRICT NO. 10

Schedule of Findings and Responses - Continued

Year Ended December 31, 2020

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

**Finding 2019-001:**

Inadequate segregation of duties.

Corrective Action Taken: None, repeat finding in 2020.