

Financial Report

*Consolidated Waterworks District No. 1
of the Parish of Terrebonne,
State of Louisiana*

June 30, 2021



Financial Report

***Consolidated Waterworks District No. 1
of the Parish of Terrebonne,
State of Louisiana***

June 30, 2021

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June 30, 2021

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana,
Houma, Louisiana.

We have audited the accompanying financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne,, State of Louisiana (the "District"), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, as of June 30, 2021, and the respective changes in financial position and 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 Management's Discussion and Analysis, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions on pages 4 through 10, 46, 47 and 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries with 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The information contained in Schedules 1 through 12 on pages 49 through 67 for the year ended June 30, 2021 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information, except for Schedules 6 through 9 on pages 60 through 64 marked "unaudited", has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements and to the financial statements themselves, and other additional procedures in accordance with auditing procedures generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2021, as a whole. Schedules 6 through 9 on pages 60 through 64 marked "unaudited" have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously 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 statement of net position of Consolidated Waterworks District No. 1 as of June 30, 2020, 2019, 2018, and 2017, and the related statement of revenues, expenses and changes in net position for each of the four years ended June 30, 2020 (none of which is represented herein), and have issued our reports thereon dated December 7, 2020, December 10, 2019, December 13, 2018, and October 31, 2017, respectively, which contained an unmodified opinion on those financial statements. The information contained in Schedules 10 through 12 on pages 65 through 67 for the years ended June 30, 2020, 2019, 2018, and 2017 is also presented for additional analysis and not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the accounting and other records used to prepare the financial statements as of and for the years ended June 30, 2020, 2019, 2018, and 2017. The information for the years ended June 30, 2020, 2019, 2018, and 2017 in Schedules 10 through 12 on pages 65 through 67 has been subjected to auditing procedures applied in the audits of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other procedures in accordance with auditing procedures generally accepted in the United States of America. In our opinion, the information presented in Schedules 10 through 12 on pages 65 through 67 for the years ended June 30, 2020, 2019, 2018, and 2017 is fairly stated in all material respects in relation to the financial statements as a whole from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2022 on our consideration of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the District's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
January 27, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

June 30, 2021

This section of the District's financial report presents our analysis of the District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's change in net position was an increase of \$3.2 million.
- During the year the District's operating revenues increased by \$0.1 million or .54%, while other operating expenses increased by \$0.1 million or 0.86%.
- Non-operating revenues decreased by \$0.3 million or 37.50%.
- Non-operating expenses decreased by \$0.4 million or 40.00%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of six parts: Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, Supplementary Information and Special Reports by Certified Public Accountants and Management. The financial statements also include notes to the financial statements, which explain some of the information in the financial statements in more detail.

REQUIRED BASIC FINANCIAL STATEMENTS

The financial statements of the District report information about the District using accounting methods similar to those used by private sector businesses. These statements offer short and long-term financial information about the District's activities. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial

REQUIRED BASIC FINANCIAL STATEMENTS (Continued)

flexibility of the District. All of the year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the District's operations over the year and can be used to determine whether the District has successfully recovered all its costs through its fees and other charges, profitability and credit worthiness. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments throughout the year. This statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities.

FINANCIAL ANALYSIS OF THE DISTRICT

The statement of net position and the statement of revenues, expenses and changes in net position report information in a way that the reader can determine if the District is in a better financial position as a result of the year's activities. These statements report the net position of the District and changes in it. The net position (difference between assets deferred outflows of resources, liabilities and deferred inflows of resources) can be used to measure financial health or financial position. Over time, increases and decreases in the District's net position are one indicator as to whether its financial health is improving or deteriorating. There are other non-financial factors to consider, such as changes in economic conditions, population growth and new or changed government legislation.

NET POSITION

To begin our analysis, a summary of the District's statement of net position is presented below:

Condensed Statements of Net Position
(In millions of dollars)

	June 30,		Dollar Change	Total Percent Change
	2021	2020		
Current and other assets	\$ 34.5	\$ 31.6	\$ 2.9	9.18%
Capital assets	95.9	96.9	(1.0)	-1.03%
Deferred outflows of resources	2.4	2.1	0.3	14.29%
Total assets and deferred outflows of resources	<u>\$132.8</u>	<u>\$130.6</u>	<u>\$ 2.2</u>	1.68%
Long-term debt and obligations outstanding	\$ 28.1	\$ 30.7	\$ (2.6)	-8.47%
Current and other liabilities	5.2	5.0	0.2	4.00%
Deferred inflows of resources	4.3	2.9	1.4	48.28%
Total liabilities and deferred inflows of resources	<u>37.6</u>	<u>38.6</u>	<u>(1.0)</u>	-2.59%
Investment in capital assets, restated	74.5	73.7	0.8	1.09%
Restricted	8.4	8.1	0.3	3.70%
Unrestricted, restated	12.3	10.2	2.1	20.59%
Total net position	<u>95.2</u>	<u>92.0</u>	<u>3.2</u>	3.48%
Total liabilities and net position	<u>\$132.8</u>	<u>\$130.6</u>	<u>\$ 2.2</u>	1.68%

As can be seen from the table above, net position increased \$3.2 million to \$95.2 million for the year ended June 30, 2021. This increase reflects capital projects, unrestricted net position (those that can be used to finance day-to-day operations) and restricted net position. Long-term debt and obligations decreased by \$2.6 million as a result of payments of bond principle and decreases in post-employment obligations for retiree health insurance. Also, amortization of bond premiums further decreased long-term debt.

The net position component, investment in capital assets as of June 30, 2020 was restated to \$73.7 million from the amount reported in the prior year, \$77.5 million, due to a calculation error in the amount of \$3.8 million. As a result of the correction of an error unrestricted net position as of June 30, 2020 was increased by \$3.8 million to \$10.2 million.

NET POSITION (Continued)

**Condensed Statements of Revenues,
Expenses, and Changes in Net Position**
(In millions of dollars)

	June 30,		Dollar Change	Total Percent Change
	2021	2020		
Operating revenues	\$18.2	\$18.4	\$ (0.2)	-1.09%
Non-operating revenues	0.5	0.8	(0.3)	-37.50%
Total revenues	<u>18.7</u>	<u>19.2</u>	<u>(0.5)</u>	-2.60%
Depreciation	3.7	3.7	-	0.00%
Other operating expenses	11.7	11.6	0.1	0.86%
Non-operating expenses	0.6	1.0	(0.4)	-40.00%
Total expenses	<u>16.0</u>	<u>16.3</u>	<u>(0.3)</u>	-1.84%
Change in net position before capital contributions	2.7	2.9	(0.2)	-6.90%
Capital contributions	<u>0.5</u>	<u>1.0</u>	<u>(0.5)</u>	-50.00%
Change in net position	3.2	3.9	(0.7)	-17.95%
Beginning net position	92.0	88.1	3.9	4.43%
Ending net position	<u>\$95.2</u>	<u>\$92.0</u>	<u>\$ 3.2</u>	3.48%

The statement of revenues, expenses, and changes in net position provide answers as to the nature and source of changes in net position. The District's operating revenues decreased by \$0.2 million to \$18.5 million or 0.54% primarily due to decreases in customer sales and services. Non-operating revenues decreased by \$0.3 million primarily due to lower returns on deposits and investments. The District's other operating expenses increased \$0.1 million primarily due to \$0.7 million increase in other services and charges and a \$0.6 million decrease in personal services. Non-operating expenses, decreased by \$0.4 million primarily due to non-recurring bond refunding costs incurred in the prior year.

BUDGETARY HIGHLIGHTS

As required by revenue bond resolutions, the District adopts a line item budget no later than 30 days prior to the start of the following year. The budget is reviewed and amended as needed. During the year ended June 30, 2021, the budget was amended in the third and fourth quarters. The amendments reflected a decrease in operating income of \$54,750 associated with an decrease in operating revenues of \$52,600 and an increase in operating expenses of \$2,150 with less than

BUDGETARY HIGHLIGHTS (Continued)

anticipated personal services of \$565,100 while other services and charges were increased \$561,500 and supplies and materials increased \$5,750. A more detailed analysis of the District's budget is presented in the supplemental information section of this report.

CAPITAL ASSETS

As of June 30, 2021, the District had invested \$180.1 million in a broad range of infrastructure including water plants at Schriever and Houma and a distribution system throughout the parish. In addition District capital assets include a warehouse, administration facilities, vehicles, furniture and equipment as shown below. This amount represents an increase of \$2.5 million, or 1.4%, over last year.

**Capital Assets
(In millions of dollars)**

	June 30,		Dollar Change	Total Percent Change
	2021	2020		
Land	\$ 0.6	\$ 0.6	\$ -	0.0%
Water plant	43.4	43.3	0.1	0.2%
Distribution system	128.7	126.7	2.0	1.6%
Administrative building	3.3	3.3	-	0.0%
Plant equipment	0.6	0.6	-	0.0%
Furniture and equipment	1.1	0.9	0.2	22.2%
Automobiles and trucks	1.3	1.2	0	8.3%
Construction in progress	1.1	1.0	0.1	10.0%
Subtotal	<u>180.1</u>	<u>177.6</u>	<u>2.5</u>	<u>1.4%</u>
Less accumulated depreciation	84.2	80.7	3.5	4.3%
Net book value	<u>\$ 95.9</u>	<u>\$ 96.9</u>	<u>\$ (1.0)</u>	<u>-1.0%</u>

This year's capital improvements included:

- Replaced the roof and renovated the Waterworks office.
- Relocated overflow line at Pointe-Aux-Chenes Tank.
- Replaced the waterline under Company Canal.
- Replaced the waterline in Monteguet
- Completed improvements at all water plants.
- Waterlines donated by developers.

LONG-TERM DEBT AND OBLIGATIONS

As of June 30, 2021, the District had approximately \$21.37 million in long-term debt (water revenue bonds). Also in the fiscal year, the District paid \$1.85 million in principal payments on outstanding debt. The District's unamortized bond premium as of June 30, 2021 amounted to \$.02 million, which was a decrease of approximately \$0.02 million compared to the prior year. More detailed information about the District's long-term debt is presented in Note 6 to the financial statements.

The District's water revenue bonds maintain an AA-/Stable rating from Standard and Poor's Rating Service.

Bond covenants allow for the issuance of additional debt, on a parity basis, subject to certain conditions. The major criterion is that annual net revenues must be at least 1.32 times the highest combined annual principal and interest requirements. The District currently carries a coverage ratio of 1.88 up from last year's ratio of 1.58.

As of June 30, 2021, the District's obligation for postemployment health care was \$8.7 million, which is a decrease of \$0.6 million for the year end June 30, 2021 and a net current year credit of \$0.1 million. More information on the District's postemployment health care obligation is presented in the Note 7 to the financial statements.

As of June 30, 2021, the District's proportional share of the net pension (liability) asset amounted to \$0.9 million net pension asset. For the year ended June 30, 2021 the net pension asset increased \$0.6 from the prior year asset of \$0.3 million. More information on the District's proportional share of the net pension asset of the Parochial Employees Retirement System is presented in the Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Commissioners and management considered many factors when setting the fiscal year 2022 budget. One of those factors is the economy of Terrebonne Parish. The District's customer base, both commercially and residentially, has decreased as a result of downturns in offshore oil and gas drilling and exploration. Revenues from water sales and services available for recovering operating expenses are projected to be \$18.1 million, \$0.1 million less than actual operating revenues in fiscal year 2021. Budgeted operating expenses, including depreciation and amortization, are expected to increase over actual for the fiscal year 2021 by 10.5% to \$16.9 million. Budgeted personal services costs, affected by increased staffing, merit increases in employee salaries, and an increase in group insurance costs, are anticipated to increase over actual for the fiscal year 2021 by 36.2% to \$7.9 million. Supplies and materials are expected to decrease \$0.1 million or 5.6% to \$1.7 million while other services and charges are anticipated to decrease \$0.2 million or 5.0% to \$3.8 million.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have questions about this report or need additional financial information, contact Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, Office Manager, P. O. Box 630, Houma, LA 70361.

STATEMENT OF NET POSITION

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

June 30, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current

Cash and cash equivalents	\$ 19,539,192
Accounts receivable:	
Customers	961,646
Unbilled water sales	1,269,481
Allowance for uncollectible accounts	(303,407)
Interest receivable	1,434
Due from State of Louisiana:	
Office of Homeland Security and Emergency Preparedness	134,256
Department of Transportation and Development	125,109
Department of Health and Hospitals	19,191
Inventory of materials and supplies	752,466
Prepaid insurance	26,868
	<hr/>
Total current assets	22,526,236

Restricted Cash and Cash Equivalents

Meter Deposit Fund	2,589,949
Revenue Bond Sinking Fund	1,438,880
Bond Reserve Fund	2,094,379
Depreciation and Contingencies Fund	4,830,940
Construction 2012 Fund	1,911
	<hr/>
Total restricted cash and cash equivalents	10,956,059

Capital Assets

Non-depreciable	1,698,821
Depreciable, net	94,230,242
	<hr/>
Total capital assets	95,929,063

Net Pension Asset

947,067

Total assets

130,358,425

Deferred Outflows of Resources

Bond refunding	403,590
Other postemployment benefits	1,617,195
Pensions	377,714
	<hr/>

Total deferred outflows of resources

2,398,499

Total assets and deferred outflows of resources

\$ 132,756,924

See notes to financial statements.

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**Current**

Payable from current assets:	
Accounts payable and accrued expenses	\$ 564,947
Payable from restricted assets:	
Accrued interest on bonds	104,837
Revenue bonds:	
Bonds payable	1,963,000
Unamortized bond premium	12,401
Meter deposits	2,589,949
Total current liabilities payable from restricted assets	<u>4,670,187</u>
Total current liabilities	<u>5,235,134</u>

Long-term

Revenue bonds:	
Bonds payable	19,407,052
Unamortized bond premium	5,081
Total revenue bonds	<u>19,412,133</u>
Other postemployment benefit obligation	<u>8,660,807</u>
Total long-term liabilities	<u>28,072,940</u>
Total liabilities	<u>33,308,074</u>

Deferred Inflows of Resources

Other postemployment benefits	3,098,853
Pensions	1,159,460
Total deferred inflows of resources	<u>4,258,313</u>
Total liabilities and deferred inflows of resources	<u>37,566,387</u>

Net Position

Net investment in capital assets	74,540,618
Restricted for:	
Debt service	3,533,259
Renewal and replacement	4,830,940
Unrestricted	12,285,720
Net position	<u>95,190,537</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 132,756,924</u>

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2021

OPERATING REVENUES

Revenues from water sales and services	\$ 17,695,827
Other operating revenues	505,317
	18,201,144
Total operating revenues	18,201,144

OPERATING EXPENSES

Personal services	5,814,129
Supplies and materials	1,785,230
Other services and charges	3,972,648
Depreciation	3,715,873
	15,287,880
Total operating expenses	15,287,880

Operating income	2,913,264
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NON-OPERATING REVENUES (EXPENSES)

Investment income	26,132
Intergovernmental	418,400
Amortization of bond premium	19,523
Bond interest	(630,029)
	(165,974)

Net non-operating expenses	(165,974)
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Change in net position before capital contributions	2,747,290
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CAPITAL CONTRIBUTIONS

490,895

Change in net position	3,238,185
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NET POSITION

Beginning of year	91,952,352
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End of year	\$ 95,190,537
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See notes to financial statements.

STATEMENT OF CASH FLOWS**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 18,442,145
Cash payments to suppliers for goods and services	(5,717,378)
Cash payments to employees for services and benefits	(6,180,354)
	<u>6,544,413</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(2,197,966)
Intergovernmental capital project grants	293,291
Principal paid on outstanding debt	(1,853,000)
Interest paid on outstanding debt	(608,061)
	<u>(4,365,736)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>36,397</u>
Net increase in cash and cash equivalents	2,215,074

CASH AND CASH EQUIVALENTS

Beginning of year	<u>28,280,177</u>
End of year	<u>\$ 30,495,251</u>

CLASSIFIED AS

Current assets	\$ 19,539,192
Restricted assets	<u>10,956,059</u>
Total cash and cash equivalents	<u>\$ 30,495,251</u>

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

Operating income	<u>\$ 2,913,264</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	3,715,873
Bad debts	125,572
Other post employment benefit obligations	(108,659)
Pension	(259,178)
(Increase) decrease in assets:	
Accounts receivable	65,716
Inventory of material and supplies	(26,193)
Prepaid insurance	19,911
Increase in liabilities:	
Accounts payable and accrued expenses	48,394
Meter deposits	<u>49,713</u>
Total adjustments	<u>3,631,149</u>
Net cash provided by operating activities	<u><u>\$ 6,544,413</u></u>

**NON CASH OPERATING, CAPITAL AND RELATED FINANCING
ACTIVITIES AND INVESTING**

Capital assets received in noncash capital contributions was \$490,895
Amortization of bond premium was \$19,523

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

June 30, 2021

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements conform to accounting principles generally accepted in the United States of America for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB). The more significant of the District's accounting policies are described below:

a) Reporting Entity

Following Louisiana legislation passed in the 1992 session, the Terrebonne Parish Consolidated Government passed an ordinance creating the Consolidated Waterworks District No. 1 of the Parish of Terrebonne (the "District") for the purpose of providing water services to the citizens of Terrebonne Parish. On July 1, 1994 Waterworks District Nos. 1, 2, 3 of Terrebonne Parish and the City of Houma water system transferred cash, investments and other net assets to the District.

GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*, GASB Statement No. 61, *The Financial Reporting Entity: omnibus and amendment of GASB Statement No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirement for Certain Component Units*, established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the District and the potential component unit.
4. Imposition of will by the District on the potential component unit.
5. Financial benefit/burden relationship between the District and the potential component unit.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

The District has reviewed all of its activities and determined there are no potential component units which should be included in its financial statements.

It has been determined based upon the above criteria that the District is a component unit of the Terrebonne Parish Consolidated Government and will be included in its comprehensive financial report for the year ending December 31, 2021.

b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements provide information about the District's business activities. The financial statements for business-type activities are also often referred to as enterprise fund financial statements.

"Measurement Focus" is an accounting term used to describe which transactions and types of balances are recorded within the various financial statements. The expression, "Basis of Accounting", refers to when transactions or events are recorded regardless of the measurement focus applied.

The District utilizes a single stand-alone enterprise fund for its business-type activities. The Fund is used to account for water intake, purification, distribution and sales activities, and the related administrative functions.

Because of the "businesslike" characteristics of operations, the accompanying financial statements report using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of the "economic resources" measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Under full accrual accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In governmental accounting, the enterprise fund is used to account for operations that are financed and operated in a manner similar to private business or where the Board of Directors has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

As the means for delivering services to its customers, the District utilizes water production plants and water distribution systems. To provide the resources that are necessary to pay for these utility services and the related support functions, the District charges its customers monthly user fees which are based on the specific level of services that they are receiving. Because the operations of the District closely mirror those of a typical, commercial company, its accounting records reflect a similar approach for measuring its business activity.

The District's various bond indentures require the establishment of certain accounts which are referred to as "funds". These required accounts are maintained as part of the accounting records of the District. They include the Revenue Bond Sinking Fund, Bond Reserve Fund, and Depreciation and Contingencies Fund. These are not "funds" as the term is used in generally accepted accounting principles, but are separate "accounts" used to delineate the accounting and reporting for bond-related money and repayment security requirements.

The balances and activity that occur in these various accounts represent specific segments of the District as reported in the District's basic financial statements. Additional compliance information about these accounts is presented in Note 6 and a separate supplemental schedule that follow the basic financial statements.

The enterprise fund used by the District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues are charges to customers for sales and services that are provided to them. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses 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.

c) Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers cash and cash equivalents to include amounts in checking accounts and investments in certificates of deposits with maturities of three months or less when purchased and the Louisiana Asset Management Pool (LAMP).

LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

e) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances are considered past due 30 days from the invoice date. Management provides an allowance for probable uncollectible amounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

f) Inventory of Material and Supplies

Inventory of materials and supplies are valued at net realizable value, using the first-in first-out (FIFO) method, which approximates the average cost method.

g) Restricted Assets

Specific assets are required to be segregated as to use and are therefore identified as restricted assets. Certain assets are restricted pursuant to restrictions arising from various bond indenture agreements (See Note 6).

h) Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are valued at historical costs or estimated cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (Continued)

Depreciation of all capital assets, excluding land and construction in progress, is calculated over the estimated useful lives using the straight-line method as follows:

Type of Capital Asset	Depreciation Rate
Water plant	2%
Water plant - filters	20%
Distribution system	2% - 4%
Distribution system - tank painting and improvements	33%
Administrative building	5%
Plant equipment	10%
Furniture and equipment	10% - 20%
Automobiles and trucks	20%

i) Long-Term Debt

Long-term debt and other obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond payable balances are reported net of applicable bond premium and discount.

j) Accumulated Unpaid Vacation and Sick Leave

The District accrues vacation and sick leave benefits in the period earned. Full-time employees of the District shall be entitled to vacation with pay and shall accrue vacation time in the following manner:

After first year	Five days (40 hours)
After second year through ninth year	Ten days (80 hours)
Ten years or more	Fifteen days (120 hours)

Employees may not accumulate and carry forward vacation time beyond the year earned, which is January 1 through December 15. Accumulated and unpaid vacation leave is due to the employee at the time of termination of employment. Although sick leave accumulates and is available for employees when needed, it does not vest nor is it payable at termination of employment.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting as deferred outflows of resources: bond refunding, OPEB and pension related deferred outflows. The District has two items that qualify for reporting as deferred inflows of resources: OPEB and pension related inflows of resources.

A bond premium or discount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized by the interest method over the shorter of the life of the refunded debt or the refunding debt. See Note 6 for additional information regarding bond refunding, See Note 7 for information regarding OPEB related deferred outflows and inflows of resources and Note 8 for information regarding deferred outflows and inflows of resources related to pensions.

l) Contracts Payable

Liability for work performed on contracts is recognized as the work is incurred.

m) Revenues and Expenses

Operating revenue and expenses consists of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the District's policy to apply those expenses to restricted assets to the extent such are available and then to unrestricted net position.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System of Louisiana (the "System") and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

o) Net Position

Net position comprised the various net earnings from operating income, non-operating revenues, expenses and capital contributions. Net position is classified into the following three components:

- **Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** - This component of net assets consists of net position that do not meet the definition of "restricted" or "net investment in capital assets".

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

The net position component, investment in capital assets as of June 30, 2020 was restated to \$73,664,846 from the amount reported in the prior year, \$77,449,214, due to a calculation error in the amount of \$3,779,046 million. As a result of the correction of an error unrestricted net position as of June 30, 2020 was increased by \$3,779,046 million to \$10,146,320.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements

During the year ended June 30, 2021, the District implemented the following GASB Statement:

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. This Statement did not affect the financial statements as of and for the year ended June 30, 2021.

Statement No. 90, "*Majority Equity Interest*" the primary objectives of this Statement are to improve the consistency and comparability of reporting government's majority equity interest in legally separate organizations and to improve the relevance of financial statement information for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement did not affect the financial statements as of and for the year ended June 30, 2021.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 92, "*Omnibus 2020*" establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers, postemployment benefits, government acquisitions and financing, insurance related activities of public risk pools, fair value measurements and derivative instruments. The requirements of this Statement apply to all financial statements of all state and local governments at date varying upon issuance to fiscal periods beginning after June 15, 2021. Management has not as yet determined the effect of the Statement on the financial statements.

Statement No. 93, "*Replacement of Interbank Offered Rates*" provides for those governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. This Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management has not as yet determined the effect of the Statement on the financial statements.

Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*" improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in the Statement a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or non-governmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or a capital asset (the underlying PPP asset), for a period of which a government compensates an operator for services that may include design,

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

constructing, financing, maintaining or operating an underlying nonfinancial asset for a period of time in an exchange or exchange like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining or operating an underlying nonfinancial asset for a period of time in an exchange or exchange like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management has not as yet determined the effect of the Statement on the financial statements.

Statement No. 96, "*Subscription-Based Information Technology Arrangements*" provides guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 "*Leases*", as amended. Under this Statement a government should recognize a right to use subscription asset and a corresponding subscription liability at the commencement of the subscription term. The subscription liability should be measured at the present value of subscription payments. Future subscription payments should be discounted using the interest rate the vendor charges the government or the government's incremental borrowing rate. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example interest expense) in future financial reporting periods. Activities associated with SBITAs, other than subscription payments, should be grouped into three stages and costs meeting specific capitalization criteria, including costs necessary to place the subscription asset in service, should be capitalized in the subscription asset, otherwise costs should be expensed as incurred. This Statement provides an exception for short-term SBITAs of 12 months or less, including options to extend. Subscription payments for short-term SBITAs should be expensed as incurred. This Statement requires disclosure of descriptive information about SBITAs other than short-term SBITAs. The requirements of this Statement are effective for years beginning after June 15, 2022. Management has not as yet determined the effect of the Statement on the financial statements.

Statement No. 97, "*Certain Component Unit Criteria and Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*" provides for purposes of determining whether a primary government is financially accountable for a potential component unit, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84 "*Fiduciary Activities*", be applicable to only defined pension plans and defined OPEB plans that are administered through trusts. The Statement also requires that IRC Section 457 deferred compensation plan be classified as either a pension plan or as an other employee benefit plans depending on whether the plan meets the definition of a pension plan and clarifies that Statement No. 84 should be applied to all arrangement organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that the absence of a governing board for a potential component unit should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform and limit the financial burden criterion in paragraph 7 of Statement No. 84, be applicable to only defined pension plans and defined OPEB plans that are administered through trusts are effective immediately. The requirements in this Statement that are related to accounting and reporting for IRC Section 457 plans are effective for years beginning after June 15, 2021. Management has not as yet determined the effect of the Statement on the financial statements.

Statement No. 98, "*The Annual Comprehensive Financial Report*" establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym sounds like a profoundly objectionable racial slur. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Management believes this statement will not effect the District's financial statements.

Note 2 - BUDGET

The Board is required by revenue bond resolutions to adopt a line item budget for the District within thirty days of the end of its fiscal year for the following year. The Board adopted a line item budget for the year ended June 30, 2021. The budget was amended twice during the year. The budget is prepared on a basis in accordance with accounting principles generally accepted in the United States of America. All revisions to the budget must be approved by the Board. The budget lapses at year-end.

Note 3 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Bank Deposits:

State law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

The year end balances of deposits are as follows:

	Bank Balances	Reported Amount
Cash	\$ 7,382,054	\$ 6,802,951
Certificates of deposit	4,745,000	4,745,000
Totals	\$ 12,127,054	\$ 11,547,951

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of June 30, 2021, \$10,615,624 of the District's bank balance of \$12,127,054 was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent and are deemed to be held in the District's name by state statutes.

As of June 30, 2021, cash and certificates of deposits were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the District. The GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments:

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, interest rate risk, the District's investment policy limits investments to securities with less than six months from the date of purchase unless the investment is matched to a specific cash flow. Due to this policy we are showing all investments with maturity dates less than three months from the date of purchase as cash and cash equivalents.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange District.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent-person rule. The policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of such funds in an effort to minimize risk while earning maximum returns.* The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAM.

The District places no limit on the amount the District may invest with anyone issuer. Investments issued by or explicitly guaranteed by the U.S. Government, and external investment pools are exempt from concentration of credit risk exposures.

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments: (Continued)

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. 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. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. 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. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of June 30, 2021 amounted to \$18,947,000 and are classified on the statement of net position as unrestricted and restricted "Cash and Cash Equivalents".

A reconciliation of deposits and investments as shown on the statement of net position is as follows:

Cash on hand	\$ 300
Reported amount of deposits	11,547,951
Reported amount of investments	<u>18,947,000</u>
Total	<u>\$ 30,495,251</u>
Classified as:	
Current assets	\$ 19,539,192
Restricted assets	<u>10,956,059</u>
Total	<u>\$ 30,495,251</u>

Note 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balance June 30, 2021</u>
Capital assets not being depreciated:				
Land	\$ 581,471	\$ -	\$ -	\$ 581,471
Construction in progress	1,048,356	1,074,879	(1,005,885)	1,117,350
Total capital assets not being depreciated	<u>1,629,827</u>	<u>1,074,879</u>	<u>(1,005,885)</u>	<u>1,698,821</u>
Capital assets being depreciated:				
Water plant	42,700,880	97,058	-	42,797,938
Water plant - water filters	578,600	288,400	(230,000)	637,000
Distribution system	126,296,432	1,828,779	-	128,125,211
Distribution system - tank painting and improvements	402,412	235,250	-	637,662
Administrative building	3,272,933	-	-	3,272,933
Plant equipment	590,852	-	-	590,852
Furniture and equipment	924,829	184,949	-	1,109,778
Automobiles and trucks	1,244,615	13,940	-	1,258,555
Total capital assets being depreciated	<u>176,011,551</u>	<u>2,648,376</u>	<u>(230,000)</u>	<u>178,429,929</u>
Less accumulated depreciation for:				
Water plant	(21,092,853)	(761,500)	-	(21,854,353)
Water plant - water filters	(213,133)	(192,867)	230,000	(176,000)
Distribution system	(55,655,582)	(2,294,327)	-	(57,949,909)
Distribution system - tank painting and improvements	(156,101)	(127,532)	-	(283,633)
Administrative building	(1,622,797)	(107,165)	-	(1,729,962)
Plant equipment	(530,293)	(22,099)	-	(552,392)
Furniture and equipment	(561,106)	(75,551)	-	(636,657)
Automobiles and trucks	(881,949)	(134,832)	-	(1,016,781)
Total accumulated depreciation	<u>(80,713,814)</u>	<u>(3,715,873)</u>	<u>230,000</u>	<u>(84,199,687)</u>
Total capital assets being depreciated, net	<u>95,297,737</u>	<u>(1,067,497)</u>	<u>-</u>	<u>94,230,242</u>
Total capital assets, net	<u>\$96,927,564</u>	<u>\$ 7,382</u>	<u>\$(1,005,885)</u>	<u>\$95,929,063</u>

Note 4 - CAPITAL ASSETS (Continued)

Additions to the distribution system include the estimated fair value of newly completed waterlines donated to the District by developers. The donated waterlines amount to \$490,895 for the year ended June 30, 2021.

Reported as adjustments, \$1,005,885 are the completion and reclassification of capital projects to their functional asset groupings, which had been previously accounted for as construction in progress.

The District has active construction projects in the engineering and planning phases as of June 30, 2021. At year end, the District's commitments with contractors are as follows:

Project	Incurred to Date	Remaining Commitment
Waterline extension along Bayou Country Parkway and Valhi Blvd	<u>\$254,810</u>	<u>\$910</u>

Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of June 30, 2021 consisted of the following:

Vendors	\$ 338,630
Salaries and benefits	219,577
State of Louisiana Department of Revenue (sales tax)	6,740
Total	\$ 564,947

Note 6 - LONG-TERM OBLIGATIONS

Activity in long-term obligations for the year ended June 30, 2021 was as follows:

	<u>Balance July 1, 2020</u>	<u>Obligations Retired</u>	<u>New Issues</u>	<u>Balance June 30, 2021</u>	<u>Current Amounts</u>
Revenue bonds	\$ 23,223,052	\$ (1,853,000)	\$ -	\$ 21,370,052	\$ 1,963,000
Unamortized bond premium	37,005	(19,523)	-	17,482	12,401
Other postemployment benefits	<u>9,300,576</u>	<u>(639,769)</u>	<u>-</u>	<u>8,660,807</u>	<u>-</u>
Totals	<u>\$ 32,560,633</u>	<u>\$ (2,512,292)</u>	<u>\$ -</u>	<u>\$ 30,048,341</u>	<u>\$ 1,975,401</u>

Revenue bonds as June 30, 2021 consists of the following:

Revenue Refund Bonds Series 2019 payable in the amount of \$14,320,000, issued December 12, 2019 with an average yield of 2.86% to refund \$12,960,000 of outstanding Water Revenue Bonds Series 2012A and are scheduled to mature November 1, 2037.

\$14,195,000

Taxable Water Revenue Bonds, Series 2014A payable in the amount of \$4,200,000, issued December 23, 2014, with a yield of 2.95% (plus a 5% annual administrative fee) for the purpose of constructing and acquiring improvements and extensions to the District's waterworks system. The bonds were purchased by the Louisiana Department of Health and Hospitals and bond proceeds are distributed from time to time as construction progresses. The terms of the Loan and Pledge Agreement accompanying the bonds contain a 30% principal forgiveness provision on each draw down limited to \$1,125,000. Additional borrowings of \$1,038,948, after application of 30% principal forgiveness, are available as of June 30, 2021, after application of unreimbursed costs. The bonds are scheduled to mature November 1, 2035.

1,756,052

Note 6 - LONG-TERM OBLIGATIONS (Continued)

Revenue Refund Bonds, Series 2014 payable in the amount of \$5,995,000, issued May 6, 2014, with a premium of \$195,243 and a yield of 2.92%, to refund \$6,610,000 of outstanding Water Revenue Refunding Bonds, Series 2003A and are scheduled to mature November 1, 2023.	3,130,000
Revenue Bonds, Series 2012A payable in the amount of \$1,765,000, issued October 30, 2012 with a premium of \$9,375 for the purpose of constructing and acquiring improvements and extensions to the District's waterworks system, with a yield of 4.00 %, and final maturity November 1, 2022.	1,200,000
Water Revenue Bonds, Series 2010 payable in the amount of \$1,900,000, issued December 29, 2010, with a yield of 2.95% (plus a 5% annual administrative fee) for the purpose of constructing and acquiring improvements and extensions to the District's waterworks system. The bonds were purchased by the Louisiana Department of Health and Hospitals and are scheduled to mature November 1, 2030.	<u>1,089,000</u>
Total	<u><u>\$ 21,370,052</u></u>

The annual requirements to amortize debt outstanding for water revenue bonds, assuming full issuance of the Taxable Water Revenue Bonds, Series 2014A, as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Totals
2022	\$ 1,963,000	\$ 610,021	\$ 2,573,021
2023	2,010,000	545,436	2,555,436
2024	2,094,000	484,512	2,578,512
2025	1,036,000	443,818	1,479,818
2026	1,060,000	418,006	1,478,006
2027 - 2031	5,767,000	1,646,172	7,413,172
2032 - 2036	5,959,000	812,200	6,771,200
2037 - 2038	2,215,000	71,874	2,286,874
Totals	<u><u>\$ 22,104,000</u></u>	<u><u>\$ 5,032,039</u></u>	<u><u>\$ 27,136,039</u></u>

Note 6 - LONG-TERM OBLIGATIONS (Continued)

Under the terms of the bond indentures for outstanding Water Revenue Bonds, principal and interest is secured and payable solely from a pledge of the income and revenues to be derived from the operations of the District. All revenues must be deposited in the District and required transfers made to the following accounts (funds) on a monthly basis after the payment of operating expenses:

a) Revenue Bond Sinking Fund

Monthly transfers are required to this Fund in an amount necessary to make the principal and interest payments as they become due. The Fund is restricted for this purpose.

b) Bond Reserve Fund

The Reserve Fund is required to be funded in an amount equal to the lesser of (i) 10% of the proceeds of the bonds, (ii) the highest combined principal and interest requirements for any succeeding year or (iii) 125% of the average aggregate amount of principal and interest becoming due.

Monies in the amount of \$2,094,379 have been deposited into this Fund. This amount is equal to 125% of the average aggregate amount of principal and interest becoming due in any future year on the District's outstanding water revenue bonds. The Fund is restricted to the payment of principal and interest in case of default.

c) Depreciation and Contingencies Fund

Monthly transfers of 5% of gross revenues of the District for the preceding month are required. The Fund is restricted to payments for extensions, additions, improvements, renewals and replacements necessary to properly operate the District. It will also be used to pay principal and interest if there are not sufficient funds in the Revenue Bond Sinking Fund and Bond Reserve Fund.

d) Bond Requirements

The accounting requirements of the bond resolution for Water Revenue Bonds, as stated in a) through c) above, have been complied with for the year ended June 30, 2021.

Obligations for other postemployment benefits and net pension liability are described in Notes 7 and 8, below.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District administers a single employer defined benefit healthcare plan (the "Plan"). The Plan provides for the payment of medical, prescription drugs, dental, long-term care, life insurance and Medicare supplement premiums for eligible employees, retirees and their dependents as allowed by policy set by the Board of Directors. The District funds 85% premium for all active employees and 100% premium for retirees with at least twenty years of service upon retiring from the Parochial Employees' Retirement System, see Note 8. The District does not issue a publicly available financial report on the Plan.

Employee Covered by Benefit Terms

As of June 30, 2021, the following employees were covered by the benefit terms.

Inactive employees currently receiving benefits payments	31
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>89</u>
Total	<u><u>120</u></u>

Total OPEB Liability

The District's total OPEB liability of \$8,660,807 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2021 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Measurement Date	June 30, 2021
Actuarial Valuation Date	July 1, 2019
Inflation	3.00%
Salary Increases, Includes Inflation	3.00%
Discount Rate	1.92%
Healthcare Cost Trend Rates	Pre-65 Medical 8.60% in year 1 then decreasing to 6.25% in year 2 then decreasing in decrements of 0.25% per year until 5.00% in years 7 through 10.
	Medicare Supplement -13.68% in year 1, 4.75% in year 2 then decreasing to 0.25% per year until 4.50% in years 3 though 10.
	Dental 0.00% in year 1 then 3.00% in years 2 though 10.
Mortality Rates	PubG.H-2010 Employee and Healthy Retiree Generational with MP-2019.
Retirees' Share of Benefit-Related Costs	None. Retirees are eligible to continue their medical, dental, long-term care, and life insurance coverage. To be eligible, an employee must retire from the District, be eligible to receive retirement Parochial Employees' Retirement System and have 20 years of service with the District.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

The discount rate was based on June 30, 2021 Fidelity General Obligation AA 20-Year Yield.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 9,300,576
Changes for the year:	
Service cost	238,661
Interest	179,880
Difference between expected and actual experience	(1,364,163)
Changes in assumptions	649,790
Benefit payments	(343,937)
Net changes	(639,769)
Balance at June 30, 2021	\$ 8,660,807

Sensitivity to the total OPEB Liability to Change 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% lower or higher than the current discount rate.

	1.0% Decrease (1.45%)	Current Discount Rate (2.45%)	1.0% Increase (3.45%)
Total OPEB Liability	\$ 10,135,652	\$ 8,660,807	\$ 7,449,808

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Sensitivity to the total OPEB Liability to Change in the Health Cost Trend Rates

The following table 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% lower pre-65 medical, prescription drugs, Medicare supplement, and dental or 1% higher pre-65 medical, prescription drugs, Medicare supplement and dental than the current healthcare cost trend rates.

	<u>1.0% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1.0% Increase</u>
Total OPEB Liability	<u>\$ 7,178,079</u>	<u>\$ 8,660,807</u>	<u>\$ 10,651,925</u>

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

For the year ended June 30, 2021, the District recognized a credit amounting to \$108,659 for OPEB activity. As of June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 448,843	\$ 1,714,084
Changes in assumptions	<u>1,168,352</u>	<u>1,384,769</u>
Totals	<u>\$ 1,617,195</u>	<u>\$ 3,098,853</u>

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

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

For the Year Ended June 30,	Amount
2022	\$ (183,262)
2023	(183,262)
2024	(183,262)
2025	(213,124)
2026	(213,124)
Thereafter	(505,624)
Total	\$ (1,481,658)

Note 8 - PENSION PLAN

Plan Description. The District contributes to Plan B of the Parochial Employees' Retirement System of Louisiana ("System"), a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2025, specifically and other general laws of the State of Louisiana.

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 2.0% of the member's final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits at age 55 upon completing 30 years of service, retire at age 60 after completing 10 years of service or retire at age 65 after completing 7 years of service. For members hired on or after January 1, 2007 they may retire with full benefits at age 55 after completing 30 years of service, retire at age 62 after completing 10 years of service or retire at age 67 after completing 7 years of service. Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years and defer

Note 8 - PENSION PLAN (Continued)

the receipt of benefits. During the three year period, employer contributions continue but employee contributions cease. The election to participate in DROP is irrevocable once participation begins. The monthly retirement benefits are paid into the DROP Fund. Upon termination of employment a participant in DROP may receive a lump sum equal to payments into the participant's account, an annuity or a roll over to an Individual Retirement Account. Members hired before January 1, 2007 with 5 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Members hired after January 1, 2007 with 7 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the year ending December 31, 2020, the actuarial employer contribution rate was 7.39% of member's compensation. However, the actual rate of 7.50% was in effect for the year ended December 31, 2020 and the year ending December 31, 2021.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Contributions to the System from the District were \$310,996 for the year ended June 30, 2021.

Pension Asset. As of June 30, 2021, the District reported a net pension asset of \$947,067 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2020, the District's proportion was 3.689020%, which was a decrease of .20180% from its proportion measured as of December 31, 2019.

Note 8 - PENSION PLAN (Continued)

Pension Expense. For the year ended June 30, 2021, the District recognized pension expense of \$51,818.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 60,074	\$ (27,169)
Net difference between projected and actual earnings on pension plan investments	-	(1,119,276)
Changes in assumptions	162,193	-
Changes in proportion	261	(13,015)
Contributions subsequent to the measurement date	155,186	-
	<u>\$ 377,714</u>	<u>\$ (1,159,460)</u>

The District reported \$155,186 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended June 30,	Amount
2022	\$ (284,291)
2023	(83,627)
2024	(383,362)
2025	(185,652)
Total	<u>\$ (936,932)</u>

Note 8 - PENSION PLAN (Continued)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension asset as of June 30, 2021 are as follows:

Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Discount Rate	6.40%
Projected Salary Increases	4.25%
Inflation Rate	2.3%
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees and General Employees multiplied by 130% for males and 125% for females using MP2018 scale for employee, annuitant, disabled annuitant.
Cost of Living Adjustments	The present value 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 authorized by the Board of Trustees

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (CAPM) (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are 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 7.00% for the year ended June 30, 2021.

Note 8 - PENSION PLAN (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.00%	0.86%
Equity	51.00%	3.36%
Alternatives	14.00%	0.67%
Real assets	2.00%	0.11%
Totals	100.00%	5.00%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.00%

Discount Rate. The discount rate used to measure the collective pension liability was 6.40%. 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 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.

Sensitivity of the District's Proportionate Share of the Collective Net Pension (Asset) Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the collective net pension asset using the discount rate of 6.40%, as well as what the District's proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is one percentage-point lower (5.40%) or one percentage-point higher (7.40 %) than the current rate:

	1.0% Decrease (5.40%)	Current Discount Rate (6.40%)	1.0% Increase (7.40%)
District's proportionate share of the net pension liability (asset)	\$ 885,379	\$ (947,067)	\$ (2,478,322)

Note 8 - PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position. The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on their financial statements for the year ended June 30, 2021. Access to the audit report can be found on the System's website, www.persla.org or on the Louisiana Legislative Auditor's website, www.la.gov.

Note 9 - LITIGATION

The District is involved in disputes in the normal course of business. Management believes the resolution of these matters will not have a material effect on the District's financial position or the results of operations. Accordingly, no obligations for claims or litigation have been recognized in the financial statements.

Note 10 - BOARD MEMBERSHIP AND COMPENSATION OF BOARD DIRECTORS

Included in administrative expenses is the per diem payments and mileage reimbursement to members of the Board of Directors. In accordance with the State of Louisiana Statutes Directors receive \$60 per meeting attended, limited to 24 regularly scheduled meetings and 12 special meetings each year.

<u>Board members</u>	<u>Number of Meetings Attended</u>	<u>Payments for</u>		<u>Total Amount</u>
		<u>Meetings Attended</u>	<u>Expenses</u>	
Richard Bazat	5	\$ 300	\$ 34	\$ 334
Charles Brown	24	1,440	135	1,575
Vincent Celestin	27	1,620	188	1,808
Teri Chatagnier	25	1,500	374	1,874
Kenneth Ellender	3	180	20	200
Stephen Hornsby	25	1,500	190	1,690
Thomas Wilbert	19	1,140	57	1,197
John Pizzolatto	27	1,620	78	1,698
Clifton Stoufflet	25	1,500	57	1,557
Chester Voisin	23	1,380	574	1,954
Totals		<u>\$ 12,180</u>	<u>\$ 1,707</u>	<u>\$ 13,887</u>

Thomas Wilbert was appointed to the Board in July 2020 and Kenneth Ellender was appointed to the board in May 2021.

Note 11 - CONCENTRATIONS

In May 2013, voters in Terrebonne Parish approved a 2.11 mill parish-wide ad valorem tax dedicated to the Bayou Lafourche Freshwater District. The tax, which was initially assessed November 1, 2013, provides for voting membership by representatives of Terrebonne Parish on the Bayou Lafourche Freshwater District Board. The District purchases its raw water supply from the Bayou Lafourche Freshwater District. The cost of raw water to the District is based upon the amount of water drawn from Bayou Lafourche and has been established \$.03 per 1,000 gallons. For the year ended June 30, 2021, the District recognized \$130,189 as raw water expenses for purchases from the Bayou Lafourche Freshwater District.

Note 12 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through January 27, 2022, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the four years ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 238,661	\$ 354,006	\$ 322,329	\$ 312,941
Interest	179,880	255,113	309,233	343,327
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(1,364,163)	576,673	(1,002,989)	745
Changes in assumptions or other inputs	649,790	(1,780,418)	1,181,522	-
Benefit payments	<u>(343,937)</u>	<u>(327,197)</u>	<u>(271,084)</u>	<u>(289,714)</u>
Net change in total OPEB liability	(639,769)	(921,823)	539,011	367,299
Total OPEB liability, beginning of year	<u>9,300,576</u>	<u>10,222,399</u>	<u>9,683,388</u>	<u>9,316,089</u>
Total OPEB liability, end of year	<u>\$ 8,660,807</u>	<u>\$ 9,300,576</u>	<u>\$ 10,222,399</u>	<u>\$ 9,683,388</u>
Covered employee payroll	<u>\$ 4,484,297</u>	<u>\$ 4,353,686</u>	<u>\$ 4,109,709</u>	<u>\$ 3,990,009</u>
Total OPEB liability as a percentage of covered employee payroll	<u>193.14%</u>	<u>213.63%</u>	<u>248.74%</u>	<u>242.69%</u>
Notes to schedule:				
Changes of benefit terms:	None	None	None	None
Changes of assumptions and other inputs reflected the effects of changes in the discounts rate each period:	<u>1.92%</u>	<u>2.45%</u>	<u>3.13%</u>	<u>3.62%</u>

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2018 and is intended to show a ten year trend. Additional years will be reported as they become available.

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the six years ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	<u>3.68902%</u>	<u>3.89082%</u>	<u>3.98228%</u>	<u>3.90618%</u>	<u>3.66580%</u>	<u>3.54379%</u>
District's proportionate share of the net pension liability (asset)	<u>\$ (947,067)</u>	<u>\$ (281,486)</u>	<u>\$ 1,075,874</u>	<u>\$ (491,478)</u>	<u>\$ 476,214</u>	<u>\$ 631,681</u>
District's covered-employee payroll	<u>\$ 4,225,109</u>	<u>\$ 4,322,363</u>	<u>\$ 4,166,089</u>	<u>\$ 3,961,167</u>	<u>\$ 3,651,837</u>	<u>\$ 3,410,054</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>-22.42%</u>	<u>-6.51%</u>	<u>25.83%</u>	<u>-12.41%</u>	<u>13.040%</u>	<u>18.524%</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>-106.76%</u>	<u>-102.05%</u>	<u>91.93%</u>	<u>-104.02%</u>	<u>95.50%</u>	<u>93.48%</u>

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2016 and is intended to show a ten year trend. Additional years will be reported as they become available.

SCHEDULE OF DISTRICT CONTRIBUTIONS

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the six years ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 310,996	\$ 327,312	\$ 315,554	\$ 318,864	\$ 313,116	\$ 299,993
Contributions in relation to the contractually required contribution	<u>(310,996)</u>	<u>(327,312)</u>	<u>(315,554)</u>	<u>(318,864)</u>	<u>(313,116)</u>	<u>(299,993)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 4,146,611</u>	<u>\$ 4,364,163</u>	<u>\$ 4,207,381</u>	<u>\$ 4,114,857</u>	<u>\$ 3,913,945</u>	<u>\$ 3,516,491</u>
Contributions as a percentage of covered-employee payroll	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>7.75%</u>	<u>8.00%</u>	<u>8.53%</u>

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2016 and is intended to show a ten year trend. Additional years will be reported as they become available.

SUPPLEMENTARY INFORMATION SECTION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2021

Agency Head Name: Michael Sobert, General Manager

Purpose	<u>Amount</u>
Salary	\$ 155,851
Benefits - insurance	14,075
Benefits - retirement	11,280
Benefits - other	-
Car allowance	-
Vehicle provided by government	753
Per diem	-
Reimbursements	420
Travel	-
Registration fees	126
Conference travel	651
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<u>\$ 183,156</u>

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION (BUDGET AND ACTUAL)**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Revenues from water sales and services	\$ 17,768,600	\$ 17,706,000	\$ 17,695,827	\$ (10,173)
Other operating revenues	435,000	445,000	505,317	60,317
Total operating revenues	<u>18,203,600</u>	<u>18,151,000</u>	<u>18,201,144</u>	<u>50,144</u>
OPERATING EXPENSES				
Personal services	7,489,916	6,924,816	5,814,129	1,110,687
Supplies and materials	1,698,950	1,704,700	1,785,230	(80,530)
Other services and charges	3,545,450	4,106,950	3,972,648	134,302
Depreciation and amortization	3,715,873	3,715,873	3,715,873	-
Total operating expenses	<u>16,450,189</u>	<u>16,452,339</u>	<u>15,287,880</u>	<u>1,164,459</u>
Operating income	<u>1,753,411</u>	<u>1,698,661</u>	<u>2,913,264</u>	<u>1,214,603</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	325,000	25,000	26,132	1,132
Intergovernmental	-	15,000	418,400	403,400
Amortization of bond premium	19,523	19,523	19,523	-
Bond interest	<u>(630,029)</u>	<u>(630,029)</u>	<u>(630,029)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>(285,506)</u>	<u>(570,506)</u>	<u>(165,974)</u>	<u>404,532</u>
Change in net position before capital contributions	1,467,905	1,128,155	2,747,290	1,619,135
CAPITAL CONTRIBUTIONS	490,895	490,895	490,895	-
Change in net position	<u>\$ 1,958,800</u>	<u>\$ 1,619,050</u>	3,238,185	<u>\$ 1,619,135</u>
NET POSITION				
Beginning of year			<u>91,952,352</u>	
End of year			<u>\$ 95,190,537</u>	

SCHEDULE OF OPERATING REVENUES (BUDGET AND ACTUAL)**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE FROM WATER SALES AND SERVICE CHARGES				
Customers	\$ 17,350,000	\$ 17,250,000	\$ 17,218,928	\$ (31,072)
Parish of Lafourche	25,000	31,000	33,407	2,407
Service connection fees	138,600	195,000	204,120	9,120
Meter installation fees	130,000	130,000	137,548	7,548
Penalties - reconnections	125,000	100,000	101,824	1,824
Total revenue from water sales and services	<u>17,768,600</u>	<u>17,706,000</u>	<u>17,695,827</u>	<u>(10,173)</u>
OTHER OPERATING REVENUES				
Service agreements:				
Sewerage districts	220,000	230,000	233,998	3,998
Garbage collections	130,000	130,000	112,634	(17,366)
LA Act 125	25,000	25,000	26,089	1,089
Miscellaneous:				
Other	60,000	60,000	132,596	72,596
Total other operating revenues	<u>435,000</u>	<u>445,000</u>	<u>505,317</u>	<u>60,317</u>
Total operating revenues	<u>\$ 18,203,600</u>	<u>\$ 18,151,000</u>	<u>\$ 18,201,144</u>	<u>\$ 50,144</u>

SCHEDULE OF DEPARTMENTAL EXPENSES (BUDGET AND ACTUAL)**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
ADMINISTRATIVE				
Personal services:				
Salaries	\$ 477,000	\$ 477,000	\$ 476,839	\$ 161
Other postemployment benefit costs	35,960	35,960	(22,673)	58,633
Employee group insurance	117,000	107,000	104,592	2,408
Payroll taxes	48,000	48,000	46,107	1,893
Retirement	36,000	36,000	5,901	30,099
Total personal services	713,960	703,960	610,766	93,194
Supplies and materials:				
Office supplies and expense	50,000	62,000	58,848	3,152
Gasoline and oil	2,000	2,000	1,397	603
Total supplies and materials	52,000	64,000	60,245	3,755
Other services and charges:				
Accounting and consulting	64,000	56,000	55,700	300
Attorney	80,000	60,000	45,540	14,460
Board meetings	17,000	15,000	13,889	1,111
Bond agent fees	2,600	4,000	3,929	71
Consulting engineer	15,000	15,000	12,380	2,620
Insurance and bonds	42,000	45,000	43,827	1,173
Janitorial services	24,000	24,000	24,000	-
Publish proceedings	5,000	5,000	3,075	1,925
Radio communications	13,000	13,000	8,513	4,487
Repairs and maintenance:				
Equipment and building repairs	32,000	55,000	43,801	11,199
Truck and auto repairs	500	500	364	136
Seminars and schools	19,000	100	49	51
Utilities - office	25,000	25,000	24,860	140
Total other services and charges	339,100	317,600	279,927	37,673
Total administrative	1,105,060	1,085,560	950,938	134,622

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
BILLING AND COLLECTIONS				
Personal services:				
Salaries	375,000	360,000	353,907	6,093
Other postemployment benefit costs	63,444	63,444	(16,736)	80,180
Employee group insurance	116,000	112,000	109,711	2,289
Payroll taxes	37,000	34,000	33,061	939
Retirement	28,250	26,000	4,376	21,624
Total personal services	<u>619,694</u>	<u>595,444</u>	<u>484,319</u>	<u>111,125</u>
Supplies and materials:				
Gasoline and oil	2,000	2,000	1,397	603
Office supplies and expense	67,000	67,000	66,566	434
Total supplies and materials	<u>69,000</u>	<u>69,000</u>	<u>67,963</u>	<u>1,037</u>
Other services and charges:				
Collection agency	4,500	2,000	1,420	580
Data processing	80,000	70,000	67,258	2,742
Equipment maintenance/lease	74,000	74,000	71,481	2,519
Insurance and bonds	25,500	25,500	21,833	3,667
Merchant card fees	200,000	230,000	228,936	1,064
Postage	235,000	240,000	240,490	(490)
Radio communications	9,000	12,000	9,490	2,510
Repairs and maintenance:				
Truck and auto repairs	500	500	16	484
Seminars and schools	1,500	2,400	1,878	522
Telephone	-	-	1,554	(1,554)
Total other services and charges	<u>630,000</u>	<u>656,400</u>	<u>644,356</u>	<u>12,044</u>
Total billing and collections	<u>1,318,694</u>	<u>1,320,844</u>	<u>1,196,638</u>	<u>124,206</u>
METER READING				
Personal services:				
Salaries	490,000	420,000	408,793	11,207
Other postemployment benefit costs	86,030	86,030	(10,351)	96,381
Employee group insurance	200,000	150,000	146,957	3,043
Payroll taxes	48,500	39,000	38,246	754
Retirement	36,750	31,000	5,072	25,928
Total personal services	<u>861,280</u>	<u>726,030</u>	<u>588,717</u>	<u>137,313</u>

**Schedule 4
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
METER READING (Continued)				
Supplies and materials:				
Gasoline and oil	17,000	12,000	13,275	(1,275)
Office supplies and expense	2,000	2,000	572	1,428
Small tools	1,500	2,000	1,765	235
Total supplies and materials	20,500	16,000	15,612	388
Other services and charges:				
Insurance and bonds	36,000	36,000	34,742	1,258
Radio communications	7,500	7,500	6,653	847
Mobile read services	20,000	-	-	-
Repairs and maintenance:				
Truck and auto repairs	8,000	14,000	13,661	339
Seminars and schools	5,000	2,500	2,068	432
Total other services and charges	76,500	60,000	57,124	2,876
Total meter reading	958,280	802,030	661,453	140,577
WAREHOUSE AND METER SHOP				
Personal services:				
Salaries	225,000	225,000	219,221	5,779
Other postemployment benefit costs	31,291	31,291	(47,347)	78,638
Employee group insurance	56,000	51,000	49,534	1,466
Payroll taxes	22,500	22,500	20,516	1,984
Retirement	11,000	11,000	1,826	9,174
Total personal services	345,791	340,791	243,750	97,041
Supplies and materials:				
Gasoline and oil	4,200	4,200	3,771	429
Office supplies and expenses	3,500	3,500	2,896	604
Small tools	2,000	2,000	495	1,505
Warehouse supplies	20,000	20,000	8,595	11,405
Total supplies and materials	29,700	29,700	15,757	13,943

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
WAREHOUSE AND METER SHOP (Continued)				
Other services and charges:				
Freight	1,000	100	73	27
Insurance and bonds	19,500	19,500	19,350	150
Radio communication	1,600	1,600	1,328	272
Repairs and maintenance:				
Equipment and building repairs	7,500	7,500	5,319	2,181
Meter repair parts	3,000	500	295	205
Truck and auto repairs	750	750	79	671
Seminars and schools	1,000	1,000	586	414
Total other services and charges	<u>34,350</u>	<u>30,950</u>	<u>27,030</u>	<u>3,920</u>
Total warehouse and meter shop	<u>409,841</u>	<u>401,441</u>	<u>286,537</u>	<u>114,904</u>
ENGINEERING				
Personal services:				
Salaries	748,000	738,000	717,039	20,961
Other postemployment benefit costs	68,880	68,880	19,940	48,940
Employee group insurance	216,000	180,000	174,673	5,327
Payroll taxes	74,000	74,000	68,854	5,146
Retirement	55,500	55,500	8,796	46,704
Total personal services	<u>1,162,380</u>	<u>1,116,380</u>	<u>989,302</u>	<u>127,078</u>
Supplies and materials:				
Computer supplies	7,500	7,500	3,758	3,742
Gasoline and oil	14,000	10,000	10,480	(480)
Office supplies and expenses	14,500	7,500	6,044	1,456
Total supplies and materials	<u>36,000</u>	<u>25,000</u>	<u>20,282</u>	<u>4,718</u>
Other services and charges:				
GIS network	70,000	170,000	164,196	5,804
Insurance and bonds	42,000	42,000	41,186	814
Radio communications	18,000	15,000	14,238	762
Repairs and maintenance:				
Truck and auto repairs	10,000	12,000	10,424	1,576
Seminars and schools	20,000	5,000	7,518	(2,518)
Total other services and charges	<u>160,000</u>	<u>244,000</u>	<u>237,562</u>	<u>6,438</u>
Total engineering	<u>1,358,380</u>	<u>1,385,380</u>	<u>1,247,146</u>	<u>138,234</u>

**Schedule 4
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
OPERATIONS				
Other services and charges:				
Utilities	155,000	155,000	151,168	3,832
DISTRIBUTION AND FIELD CREWS				
Personal services:				
Salaries	900,000	775,000	755,542	19,458
Other postemployment benefit costs	157,447	157,447	(55,071)	212,518
Employee group insurance	270,000	260,000	253,322	6,678
Payroll taxes	88,750	74,500	72,324	2,176
Retirement	63,100	56,500	9,162	47,338
Total personal services	1,479,297	1,323,447	1,035,279	288,168
Supplies and materials:				
Chemicals	2,500	8,500	8,573	(73)
Gasoline and oil	32,000	25,000	25,812	(812)
Office supplies and expenses	5,000	5,000	3,124	1,876
Small tools	10,000	15,000	18,666	(3,666)
Total supplies and materials	49,500	53,500	56,175	(2,675)
Other services and charges:				
Backflow prevention program	2,500	-	-	-
Insurance and bonds	110,000	110,000	114,438	(4,438)
Radio communications	13,000	13,000	12,591	409
Repairs and maintenance:				
Equipment repairs - field	150,000	150,000	148,924	1,076
Truck and auto repairs	15,000	25,000	26,160	(1,160)
Watertower maintenance	50,000	50,000	49,149	851
Waterline maintenance	650,000	1,150,000	1,134,596	15,404
Seminars and schools	6,500	4,000	3,204	796
Uniforms	4,000	4,000	3,209	791
Total other services and charges	1,001,000	1,506,000	1,492,271	13,729
Total distribution and field crews	2,529,797	2,882,947	2,583,725	299,222

**Schedule 4
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
WATER PLANT				
Personal services:				
Salaries	1,240,000	1,100,000	1,089,748	10,252
Other postemployment benefit costs	143,966	143,966	34,225	109,741
Employee group insurance	309,000	286,000	280,510	5,490
Payroll taxes	122,250	109,000	103,848	5,152
Retirement	92,500	85,000	13,584	71,416
Total personal services	<u>1,907,716</u>	<u>1,723,966</u>	<u>1,521,915</u>	<u>202,051</u>
Supplies and materials:				
Chemicals	1,200,000	1,200,000	1,323,223	(123,223)
Generator fuel	15,000	15,000	11,533	3,467
Gasoline and oil	12,000	12,000	12,299	(299)
Office supplies and expense	23,000	23,000	21,182	1,818
Raw water	140,000	140,000	130,189	9,811
Small tools	2,000	2,000	851	1,149
Plant supplies	9,000	5,000	2,558	2,442
Total supplies and materials	<u>1,401,000</u>	<u>1,397,000</u>	<u>1,501,835</u>	<u>(104,835)</u>
Other services and charges:				
Freight	1,000	-	-	-
Insurance and bonds	211,000	211,000	212,356	(1,356)
Radio communications	20,000	20,000	7,439	12,561
Repairs and maintenance:				
Bayou Black reservoir maintenance	7,000	7,000	7,123	(123)
Plant maintenance	225,000	225,000	194,451	30,549
Tractor repairs	3,000	3,000	2,819	181
Truck and auto repairs	5,000	5,000	2,975	2,025
Seminars and schools	5,000	500	220	280
Telephone	-	-	9,064	(9,064)
Uniforms	500	-	-	-
Utilities	575,000	575,000	573,593	1,407
Total other services and charges	<u>1,052,500</u>	<u>1,046,500</u>	<u>1,010,040</u>	<u>36,460</u>
Total water plant	<u>4,361,216</u>	<u>4,167,466</u>	<u>4,033,790</u>	<u>133,676</u>

**Schedule 4
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
BAC-T-LAB				
Personal services:				
Salaries	252,000	252,000	251,289	711
Other postemployment benefit costs	23,898	23,898	(10,646)	34,544
Employee group insurance	80,000	75,000	72,775	2,225
Payroll taxes	25,000	25,000	23,561	1,439
Retirement	18,900	18,900	3,102	15,798
Total personal services	<u>399,798</u>	<u>394,798</u>	<u>340,081</u>	<u>54,717</u>
Supplies and materials:				
Computer supplies	750	-	-	-
Gasoline and oil	9,000	9,000	7,049	1,951
Lab supplies	25,000	35,000	34,163	837
Office supplies and expense	6,500	6,500	6,149	351
Total supplies and materials	<u>41,250</u>	<u>50,500</u>	<u>47,361</u>	<u>3,139</u>
Other services and charges:				
Freight	1,500	1,500	610	890
Insurance and bonds	21,000	21,000	18,319	2,681
Janitorial services	8,000	8,000	6,948	1,052
Lab analysis	34,000	34,000	25,197	8,803
Radio communications	5,500	5,500	3,381	2,119
Repairs and maintenance:				
Equipment and building repairs	8,000	8,000	6,032	1,968
Truck and auto repairs	4,000	4,000	1,526	2,474
Seminars and schools	7,000	500	175	325
Telephone	-	-	1,719	(1,719)
Utilities	8,000	8,000	9,263	(1,263)
Total other services and charges	<u>97,000</u>	<u>90,500</u>	<u>73,170</u>	<u>17,330</u>
Total Bac-T-Lab	<u>538,048</u>	<u>535,798</u>	<u>460,612</u>	<u>75,186</u>
Totals	<u>\$ 12,734,316</u>	<u>\$ 12,736,466</u>	<u>\$ 11,572,007</u>	<u>\$ 1,164,459</u>
OPERATING EXPENSES				
Personal services	\$ 7,489,916	\$ 6,924,816	\$ 5,814,129	\$ 1,110,687
Supplies and materials	1,698,950	1,704,700	1,785,230	(80,530)
Other services and charges	3,545,450	4,106,950	3,972,648	134,302
Totals	<u>\$ 12,734,316</u>	<u>\$ 12,736,466</u>	<u>\$ 11,572,007</u>	<u>\$ 1,164,459</u>

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS -
RESTRICTED ACCOUNTS REQUIRED BY REVENUE BOND ORDINANCES**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2021

	<u>Totals</u>	<u>Revenue Bond Sinking Fund</u>	<u>Bond Reserve Fund</u>	<u>Depreciation and Contingencies Fund</u>
Cash and cash equivalents July 1, 2020	\$ 8,141,186	\$ 1,396,156	\$ 2,094,379	\$ 4,650,651
Receipts:				
Transfers from the District	<u>3,495,430</u>	<u>2,546,058</u>	<u>-</u>	<u>949,372</u>
Total assets available	<u>11,636,616</u>	<u>3,942,214</u>	<u>2,094,379</u>	<u>5,600,023</u>
Disbursements:				
Retirement of matured bonds	1,853,000	1,853,000	-	-
Payment of matured interest coupons	650,334	650,334	-	-
Transfers to the District	-	-	-	-
Capital asset purchases	<u>769,083</u>	<u>-</u>	<u>-</u>	<u>769,083</u>
Total disbursements	<u>3,272,417</u>	<u>2,503,334</u>	<u>-</u>	<u>769,083</u>
Cash and cash equivalents June 30, 2021	<u>\$ 8,364,199</u>	<u>\$ 1,438,880</u>	<u>\$ 2,094,379</u>	<u>\$ 4,830,940</u>

SCHEDULE OF INSURANCE IN FORCE**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**June 30, 2021
(Unaudited)

<u>Insurer</u>	<u>Type of Coverage</u>	<u>Amount of Insurance</u>	<u>Expiration Date</u>
Tokio Marine Specialty Insurance Company	Automobile liability	\$1,000,000	July 1, 2021
Tokio Marine Specialty Insurance Company	General liability	\$3,000,000	July 1, 2021
Tokio Marine Specialty Insurance Company	General liability	\$10,000,000	July 1, 2021
Louisiana United Businesses' Association	Workers' compensation	\$1,000,000	July 1, 2021
North American Elite Insurance Company	Combined building and personal property	\$30,000,000	July 1, 2021
Tokio Marine Specialty Insurance Company	Public employee dishonesty, forgery or alteration, theft, disappearance, and destruction	\$100,000	July 1, 2021
Allianz Global Corporate & Specialty	Computer equipment and software	\$409,000	July 1, 2021
Indian Harbor Insurance Company	Pollution liability	\$1,000,000	July 1, 2021
American Bankers Insurance	Flood	\$500,000	August 1, 2021
Lloyds of London	Cyber liability	\$2,000,000	March 1, 2022

WATER CUSTOMERS

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

June 30, 2021
(Unaudited)

Records maintained by the District indicated 43,907 water customers as of June 30, 2021.

There were no unmetered customers.

SCHEDULE OF COST PER SERVICE INSTALLATION**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**For the year ended June 30, 2021
(Unaudited)**Field Crew Overhead**

Chemicals	\$ 8,573
Depreciation expense	46,613
Employee group insurance	221,932
Equipment repairs	148,924
Freight	-
Gasoline and oil	25,812
Insurance and bonds	114,438
Other post employment benefit costs	(55,071)
Office supplies and expenses	3,124
Payroll taxes	72,324
Radio communications	14,238
Retirement	9,162
Seminars and schools	7,518
Small tools	18,666
Truck and auto repairs	26,160
Uniforms	3,209
Watertower maintenance	49,140
	<hr/>
Total field crew overhead	714,762

Service installation salaries as a percentage of total field crew salaries (\$44,365/\$755,542)	<hr/> 5.87%
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Field crew overhead applicable to service installations	<hr/> 41,970
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Administrative Overhead

Total administrative costs	756,732
Service installation salaries/total salaries excluding administrative salaries (\$44,365/\$3,796,168)	<hr/> 1.17%
Administrative overhead applicable to service installations	<hr/> 8,850
Total service installation overhead costs	<hr/> <hr/> \$ 50,820

Calculation of Average Cost per Service Installation

Service installation work order costs	\$ 200,791
Labor and equipment contractor for service installation	35,821
Total service installation overhead costs	<u>50,820</u>
Total service installation costs	287,432
Number of service installations	<u>244</u>
Average cost per service installation	<u><u>\$ 1,178</u></u>

SCHEDULE OF COST OF WATER PRODUCED
AND CONTRACT PRICE OF WATER TO BE SOLD TO
LAFOURCHE PARISH WATER DISTRICT NO. 1

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2021
(Unaudited)

Costs (From Annual Report)	
Water plant expense	\$ 4,033,790
Administrative (25% of total)	237,735
Engineering (25% of total)	311,787
Bac-T-Lab (25% of total)	115,153
Depreciation - water filter	192,867
Depreciation - plant and equipment	783,599
	<hr/>
Total costs	<u><u>\$ 5,674,931</u></u>
Water Produced (Thousand Gallons)	
Net production per Waterworks District No. 1's records	\$ 5,454,551
Less 10% per terms of contract	<u>(545,455)</u>
	<hr/>
Net production (thousand gallons) - Unaudited	<u><u>\$ 4,909,095</u></u>
Cost Per Thousand Gallons	\$ 1.15600
Additions to Cost	
Greater of 40% of cost or five cents per thousand gallons	<u>0.46240</u>
Total Contract Price Per Thousand Gallons	<u><u>\$ 1.61840</u></u>

SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES

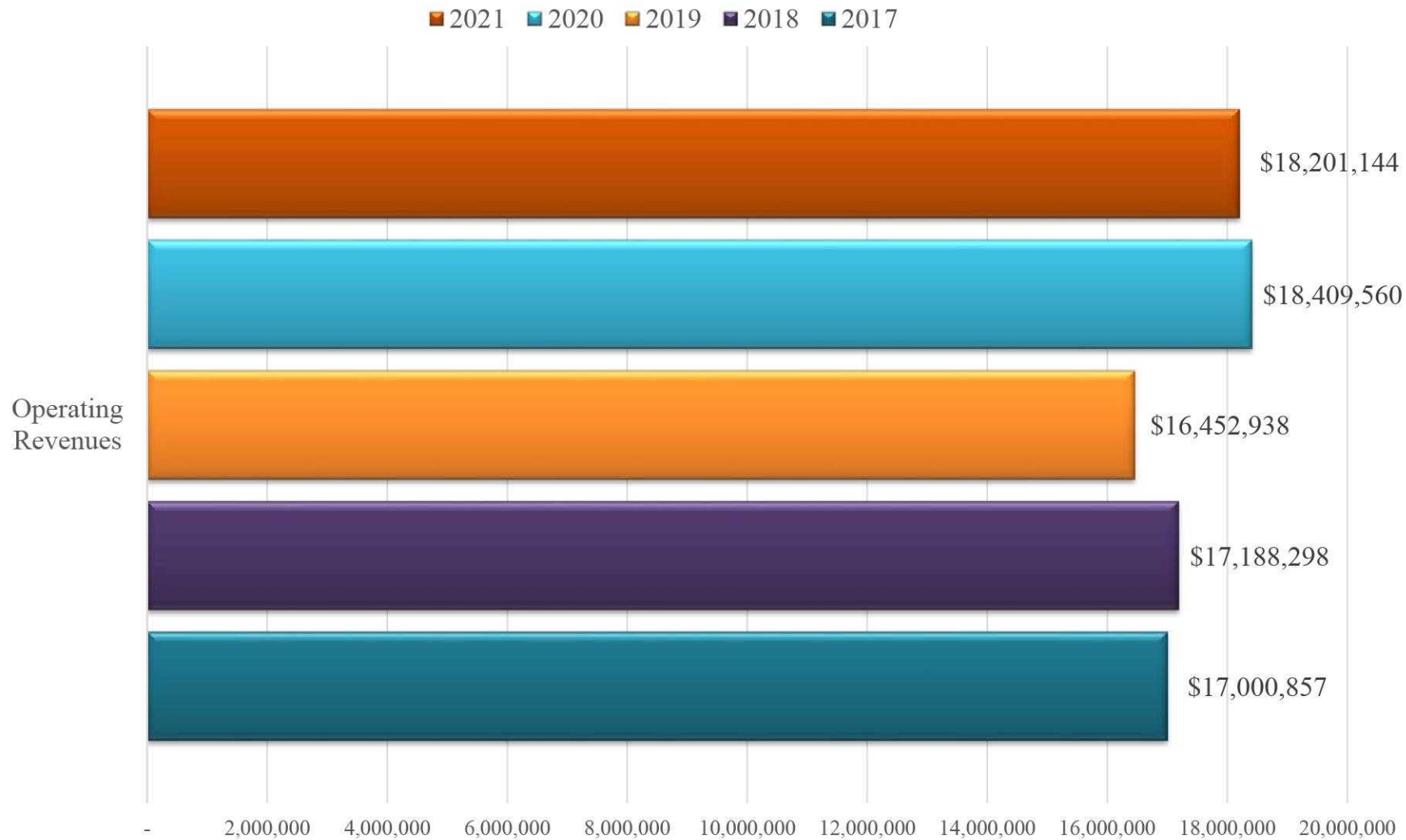
**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the years ended June 30, 2021, 2020, 2019, 2018, and 2017

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPERATING REVENUES	<u>\$ 18,201,144</u>	<u>\$ 18,409,560</u>	<u>\$ 16,452,938</u>	<u>\$ 17,188,298</u>	<u>\$ 17,000,857</u>
OPERATING EXPENSES					
Personal services	\$ 5,814,129	\$ 6,579,249	\$ 6,887,158	\$ 6,533,510	\$ 6,185,096
Supplies and materials	1,785,230	1,699,644	1,652,934	1,712,994	1,758,752
Other services and charges	3,972,648	3,255,312	3,466,662	3,683,579	3,791,750
Depreciation and amortization	<u>3,715,873</u>	<u>3,716,825</u>	<u>3,699,560</u>	<u>3,450,734</u>	<u>3,612,806</u>
Totals	<u>\$ 15,287,880</u>	<u>\$ 15,251,030</u>	<u>\$ 15,706,314</u>	<u>\$ 15,380,817</u>	<u>\$ 15,348,404</u>

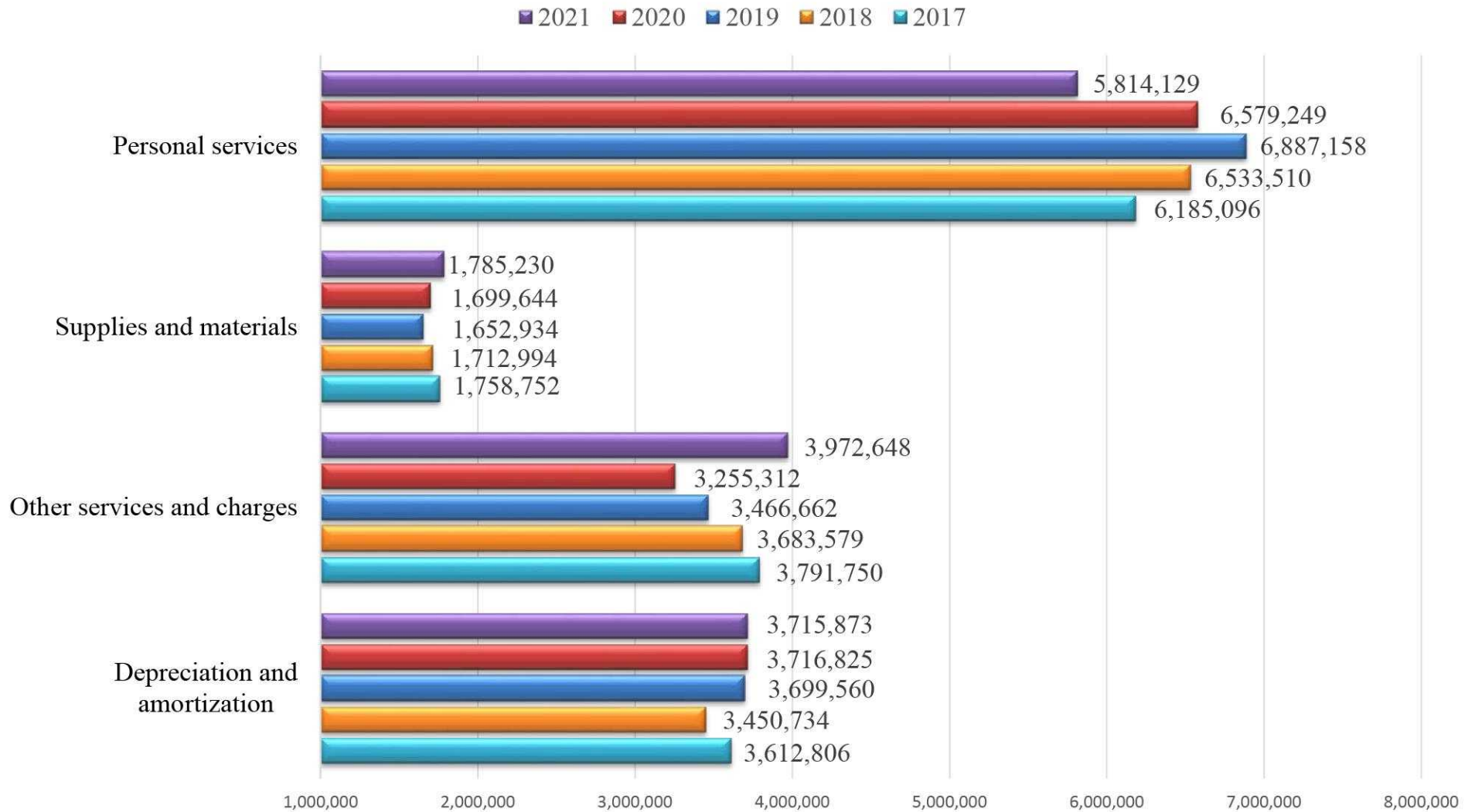
OPERATING REVENUES
**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
 State of Louisiana**

For the years ended June 30, 2021, 2020, 2019, 2018, and 2017



OPERATING EXPENSES
Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana

For the years ended June 30, 2021, 2020, 2019, 2018, and 2017



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners,
Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana,
Houma, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, (the "District"), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

Compliance and Other Matters

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

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 of the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
January 27, 2022.

SCHEDULE OF FINDINGS AND RESPONSES

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2021

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be a material weakness? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

b) Federal Awards

The District did not expend Federal awards in excess of \$750,000 during the year ended June 30, 2021 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

Section II Financial Statement Findings

Internal Control

There were no financial statement internal control findings reported during the audit for the year ended June 30, 2021.

Compliance

There were no financial statement compliance findings reported during the audit for the year ended June 30, 2021

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

For the year ended June 30, 2021

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2020.

No significant deficiencies were reported during the audit for the year ended June 30, 2020.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2020.

Section II Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported the year ended June 30, 2020.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2020.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

For the year ended June 30, 2021

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2021.

No significant deficiencies were reported during the audit for the year ended June 30, 2021.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2021.

Section II Federal Award Findings and Questioned Costs

The District did not expend Federal awards in excess of \$750,000 during the year ended June 30, 2021 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2021.