

WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA  
ANNUAL FINANCIAL REPORT  
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019



TWRU  
*CPAs & Financial Advisors*

WATERWORKS DISTRICT NO.2 OF POINTE COUPEE PARISH, LA

105 GISELE STREET

NEW ROADS, LA 70760

(225) 638-4501

COMMISSIONERS

Marvin Losavio. Chairman

Van J. Debetaz

Mark Major

Ronald A. Pourciau

Kelly Rivet

MEETING DATE:

2nd Monday of Every Month  
5:00 PM - Police Jury Office



WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

TABLE OF CONTENTS

	Page
Independent Auditors' Report .....	1
Required Supplementary Information	
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Statements of Net Position.....	8
Statements of Revenues, Expenses, and Changes in Net Position.....	9
Statements of Cash Flow .....	10
Notes to Basic Financial Statements.....	11
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	23
Schedule of Findings and Responses .....	25
Supplemental Information Required by USDA (unaudited)	
Water Customers and Rates .....	26
Aged Accounts Receivable .....	26
Insurance in Force.....	27
Other Supplemental Information	
Schedules of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer .....	28

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Waterworks District No. 2 of Pointe Coupee Parish, LA  
New Roads, Louisiana

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

We have audited the accompanying financial statements of the business-type activities of Waterworks District No. 2 of Pointe Coupee Parish, LA, (a component unit of the Parish of Pointe Coupee) (the District) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2020 and 2019, and the respective change in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters****Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 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 of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by U.S. Department of Agriculture on pages 26-27 and the supplementary information required by the Louisiana Legislative Auditor on page 28 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information required by the Louisiana Legislative Auditor is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, reimbursement, benefits and other payments to agency head, political subdivision head, or chief executive officer is fairly stated, in all material respects, in relation to the basis financial statements as a whole.

The supplemental information required by USDA has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. 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.

TWRU

CPAs & Financial Advisors  
Baton Rouge, Louisiana  
July 30, 2021



**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2020

*INTRODUCTION*

This annual report consists of –

- Our independent auditors' report on the financial statements in which they rendered an unmodified opinion.
- Management's discussion and analysis which provides in plain language an overview of our financial activities for the year.
- The basic financial statements which consists of proprietary fund financial statements, and the notes to those financial statements.
- Supplementary information required by USDA.
- Our independent auditors' report on the District's compliance with laws and regulations and how management applied internal controls over its financial operations. The results of those tests and observations did not indicate any violations that they considered to be in noncompliance or conditions that required to be disclosed that could affect our operations.
- Supplementary information required by Louisiana Legislative Auditor.

**Management's Discussion and Analysis**

As management of the District, we are pleased to provide an overview of our financial activities for the year ended December 31, 2020. The intended purpose of the Management Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations of significant economic factors, and the status of infrastructure and its effects on our debt and operation. When referring to prior years data in this analysis we will be drawing upon information from last year's audited financial report.

**Financial Highlights**

- The District's net position decreased by \$103,885 from \$2,905,721 in 2019 to \$2,801,836 in 2020.
- Restricted and unrestricted Cash increased by \$46,095 from \$529,753 in 2019 to \$575,848 in 2020.
- Utility revenues increased by \$9,947 from \$650,184 in 2019 to \$660,131 in 2020.

## **Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which are comprised of three components: (1) proprietary fund financial statements, (2) notes to the financial statements, and (3) other required supplementary information in addition to the basic financial statements themselves required by USDA.

### **Financial Statements**

The District's Financial Statements report functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). When the District charges customers for the services it provides these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position.

The Financial Statements, presented on pages 8 through 10, are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statements of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Statements of Cash Flows presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

### **Notes to the Financial Statements**

The notes, presented on pages 11 through 22, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are a required part of the basic financial statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information required by USDA, on pages 26 and 27, and supplementary information required by LLA, on page 28.

### Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At the end of the most recent year, the assets of the District exceeded its liabilities and deferred outflows by \$2,801,836.

The District's total assets are composed of \$606,615 (9.45%) in cash and receivables, \$5,802,322 (90.4%) investment in capital assets (land, buildings, utility systems, vehicles and equipment, etc.), and \$9,668 (0.15%) in prepaid and other assets. The District uses these capital assets to provide various services to residents and businesses in the incorporated area, these assets are not available for future spending.

#### Statements of Net Position

	Total <u>2020</u>	Total <u>2019</u>	% Change
Current and Other Assets	\$ 616,283	\$ 564,563	9.2%
Capital Assets	<u>5,802,322</u>	<u>6,069,706</u>	-4.4%
Total Assets	<u>6,418,605</u>	<u>6,634,269</u>	-3.3%
Current and Other Liabilities	298,691	293,532	1.8%
Long-term Debt	<u>3,299,180</u>	<u>3,417,216</u>	-3.5%
Total Liabilities	<u>3,597,871</u>	<u>3,710,748</u>	-3.0%
Deferred Inflows of Resources	<u>18,898</u>	<u>17,800</u>	6.2%
Net Position –			
Invested in Capital assets, Net of Related Debt	2,385,112	2,539,359	-6.1%
Restricted	461,128	458,244	0.6%
Unrestricted – (Deficit)	<u>(44,404)</u>	<u>(91,882)</u>	51.7%
Total Net Position	<u>\$ 2,801,836</u>	<u>\$ 2,905,721</u>	-3.6%



## Changes in Net Position

	Total 2020	Total 2019	% Change
Revenues:			
Charges for Services	\$ 660,131	\$ 650,184	1.5%
Interest Earned	183	229	-20.1%
Grant Revenue	20,000	-	100.0%
Total Revenues	<u>680,314</u>	<u>650,413</u>	4.6%
Functions/Program Expenses –			
Administrative	12,465	17,532	-28.9%
Professional Fees	53,542	74,298	-27.9%
Utility Operator	131,460	145,404	-9.6%
Maintenance	147,959	119,296	24.0%
Utilities	26,626	29,716	-10.4%
Insurance	17,028	16,483	3.3%
Depreciation	267,384	267,453	0.0%
Interest on Long-term Debt	<u>127,735</u>	<u>132,424</u>	-3.5%
Total Expenses	<u>784,199</u>	<u>802,606</u>	-2.3%
Decrease in Net Position	(103,885)	(152,193)	31.7%
Beginning Net Position	<u>2,905,721</u>	<u>3,057,914</u>	-5.0%
Ending net position	<u>\$ 2,801,836</u>	<u>\$ 2,905,721</u>	-3.6%

### Capital Assets

At December 31, 2020 and 2019, the District had \$10,932,598 and 10,932,598 respectively, invested in a broad range of capital assets, including land, buildings, utility systems, vehicles, and equipment.

During 2020, the District did not make any capital outlays.

Further detail on capital assets is presented in Note 4 on page 16.

	Business-type Activities	
	2020	2019
Land	\$ 148,358	\$ 148,358
Buildings	13,500	13,500
Utility property	10,770,740	10,770,740
Less Accumulated Depreciation	<u>(5,130,276)</u>	<u>(4,862,892)</u>
Totals	<u>\$ 5,802,322</u>	<u>\$ 6,069,706</u>

### Economic Factors and Utility Rates

The District relies on user charges for their operations; therefore, activities are impacted by the number of users served and the consumption of water.

### Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Edward Merrick, CPA at (225) 638-4501 or write to the District at 105 Gisele Street, New Roads, LA 70760.

## BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Statements of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



**TWRU**

*CPAs & Financial Advisors*

WATERWORKS DISTRICT NO.2 OF POINTE COUPEE PARISH, LA  
STATEMENTS OF NET POSITION  
(See Independent Auditors' Report and Accompanying Notes to Financial Statements)

	December 31,	
	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 114,720	\$ 71,509
Accounts Receivable (Net of Allowance of \$44,558 and \$43,137)	30,767	25,592
Prepaid Expenses	9,668	9,218
TOTAL CURRENT ASSETS	155,155	106,319
RESTRICTED ASSETS:		
USDA Restricted Reserves	461,128	458,244
TOTAL RESTRICTED ASSETS	461,128	458,244
NON-CURRENT ASSETS:		
Capital Assets (Net of Accumulated Depreciation)	5,802,322	6,069,706
TOTAL NON-CURRENT ASSETS	5,802,322	6,069,706
TOTAL ASSETS	\$ 6,418,605	\$ 6,634,269
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accounts Payable	\$ 32,589	\$ 33,738
Due to Related Party	11,609	11,855
Current Portion of Long-Term Debt	118,030	113,131
Accrued Interest Payable	9,634	9,993
TOTAL CURRENT LIABILITIES	171,862	168,717
NON-CURRENT LIABILITIES:		
Consumer Meter Deposits Payable	126,829	124,815
Long-Term Debt (Net of Current Portion)	3,299,180	3,417,216
TOTAL NON-CURRENT LIABILITIES	3,426,009	3,542,031
TOTAL LIABILITIES	\$ 3,597,871	\$ 3,710,748
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unearned Water Sales	\$ 18,898	\$ 17,800
<u>NET POSITION</u>		
NET POSITION:		
Invested in Capital Assets	\$ 2,385,112	\$ 2,539,359
Restricted - USDA Funds	461,128	458,244
Unrestricted (Deficit)	(44,404)	(91,882)
TOTAL NET POSITION	\$ 2,801,836	\$ 2,905,721

WATERWORKS DISTRICT NO.2 OF POINTE COUPEE PARISH, LA  
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 (See Independent Auditors' Report and Accompanying Notes to Financial Statements)

	For the Year Ended December 31,	
	2020	2019
<b>OPERATING REVENUES:</b>		
Charges for Services		
Water Charges	\$ 642,554	\$ 621,827
Penalties	17,577	28,357
<b>TOTAL OPERATING REVENUES</b>	660,131	650,184
<b>OPERATING EXPENSES:</b>		
Accounting and Billing Fees	41,723	56,995
Board Member Compensation and Travel Reimbursements	5,940	6,148
Chemicals	7,262	8,100
Depreciation	267,384	267,453
Grass Cutting	5,940	6,775
Insurance	17,028	16,483
Meter Readers	26,815	30,236
Miscellaneous	5,877	5,399
Professional and Technical Services	11,819	17,303
Publishing	648	657
Repairs, Maintenance and Supplies	107,942	74,185
Uncollectible Accounts	-	5,328
Utilities	26,626	29,716
Utility Operator	131,460	145,404
<b>TOTAL OPERATING EXPENSES</b>	656,464	670,182
<b>NET OPERATING INCOME (LOSS)</b>	3,667	(19,998)
<b>NONOPERATING (EXPENSES) REVENUES:</b>		
Grant Revenue	20,000	-
Interest Income	183	229
Interest on Long-Term Debt and Other Charges	(127,735)	(132,424)
<b>TOTAL NONOPERATING EXPENSES</b>	(107,552)	(132,195)
<b>CHANGE IN NET POSITION</b>	(103,885)	(152,193)
<b>NET POSITION - BEGINNING</b>	2,905,721	3,057,914
<b>NET POSITION - ENDING</b>	\$ 2,801,836	\$ 2,905,721



WATERWORKS DISTRICT NO.2 OF POINTE COUPEE PARISH, LA  
STATEMENTS OF CASH FLOWS  
(See Independent Auditors' Report and Accompanying Notes to Financial Statements)

	For the Year Ended December 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Customers	\$ 656,054	\$ 649,930
Payments to Suppliers	(390,679)	(388,436)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>265,375</b>	<b>261,494</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Meter Deposits Received net of Refunds	2,014	3,777
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>2,014</b>	<b>3,777</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Due to Related Party	(246)	(3,346)
Grants Received	20,000	-
Principal Paid on Capital Debt	(113,137)	(108,454)
Interest Paid on Capital Debt	(128,094)	(132,775)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(221,477)</b>	<b>(244,575)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest Earned	183	229
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>183</b>	<b>229</b>
<b>NET INCREASE IN CASH</b>	<b>46,095</b>	<b>20,925</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>529,753</b>	<b>508,828</b>
<b>CASH - END OF YEAR</b>	<b>\$ 575,848</b>	<b>\$ 529,753</b>
<b><u>RECONCILIATION OF OPERATING INCOME TO</u></b>		
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u></b>		
Operating Income (Loss)	\$ 3,667	\$ (19,998)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Cash Flows Reported in Other Categories		
Depreciation expense	267,384	267,453
Bad Debt Expense	-	5,328
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:		
Accounts Receivable	(5,175)	(5,382)
Prepaid Expenses	(450)	(223)
Accounts Payable	(1,149)	9,188
Unearned Water Charges	1,098	5,128
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 265,375</b>	<b>\$ 261,494</b>

WATERWORKS DISTRICT NO.2 OF POINTE COUPEE PARISH, LA

NOTES TO BASIC FINANCIAL STATEMENTS

INDEX

	Page
Summary of Significant Accounting Policies	
Organization and Operations .....	11
Financial Reporting Entity .....	11
Basis of Presentation .....	11
Financial Statements.....	11
Fund Financial Statements.....	12
Proprietary Funds .....	12
Basis of Accounting.....	12
Operating Revenues and Expenses .....	12
Net Position .....	13
Fair Value Financial Statements .....	13
Deferred Inflows of Resources .....	13
Cash, Cash Equivalents, and Investments.....	13
Restricted Assets.....	13
Accounts Receivable and Bad Debts .....	14
Capital Assets.....	14
Estimates .....	14
Use of Restricted Resources .....	14
Concentration of Credit Risk .....	15
Reclassifications .....	15
Deposits with Financial Institutions.....	15
Accounts Receivable .....	16
Capital Assets.....	16
Long-Term Debt Obligations .....	17-19
Contingencies .....	19
Lease Agreement.....	19
Compensation Paid to Board Members.....	20
Maintenance Agreements .....	20
Financial Services & Billing Agreements .....	20
State Fees .....	20
Liquidity and Availability of Resources .....	21
Recent Accounting Pronouncements... ..	21
Subsequent Events.....	22

**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operations**

The Waterworks District No. 2 of Pointe Coupee Parish, LA (the "District") was created by an ordinance of the Pointe Coupee Parish Police Jury on August 25, 1987 and October 13, 1987 under the authority of the provisions of Article VI, Section 19 of the 1974 Louisiana Constitution and R.S. 33:3811 et seq. The District provides potable water to portions of the Parish of Pointe Coupee. The District is governed by a board of five commissioners, who are residents of the District, appointed by the Pointe Coupee Parish Police Jury (PCP PJ) under the authority of R.S. 33:3813. All commissioners serve at the pleasure of the governing authority of the parish.

**Financial Reporting Entity**

The District is a component of the Parish of Pointe Coupee, the financial reporting entity. The Parish of Pointe Coupee is financially accountable for the District because it appoints a voting majority of the Board and has the ability to impose its will on the District. The District is economically dependent on the Parish of Pointe Coupee.

The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Parish of Pointe Coupee, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**Basis of Presentation**

The accompanying component unit financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the District are discussed below.

**Financial Statements**

The District has adopted the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*". This statement provides that special purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of:

- Management's Discussion and Analysis (MD&A)
- Statements of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows
- Notes to the Financial Statements
- RSI other than MD&A, if applicable





**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Financial Statements**

The District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, deferred inflows, deferred outflows, net position, revenues and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The emphasis in fund financials is on the major funds in the business type activities. GASB No.34 sets forth minimum criteria for the determination of major funds. The District does not have any non-major funds.

**Proprietary Funds**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The City reports an Enterprise fund type.

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The Water Enterprise fund operates the City's water distribution system, which primarily serves Pointe Coupee Parish residents.

**Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Business-type activities in the proprietary fund financial statements are presented on the accrual basis of accounting. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred. Non-exchange revenues, including grants, are reported when all eligibility requirements have been met.

**Operating Revenues and Expenses**

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the District consists of water sales to residential and commercial users, including penalty charges, connection fees, and late charges. Operating expenses for District include the cost to distribute water, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position**

Proprietary fund net positions are divided into three components:

Invested in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of borrowings that are attributable to the acquisition, construction, or improvement of those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position – This component of net position consists of assets that are restricted by the District's creditors, by the state enabling legislation, by grantors, and by other contributors. This includes cash reserve funds as required by the loan agreements with USDA and cash for customer deposits.

Unrestricted net position - This component of net position consists of net position that do not meet the definition of "restricted" or "invested in capital assets."

**Fair Value Financial Statements**

The carrying value of cash, accounts receivable and operating liabilities approximate fair value due to the short-term maturity of these instruments.

**Deferred Inflows of Resources**

The District's statements of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to future periods. Deferred inflows of resources are reported in the statements of net position for unearned water revenue. The District will not recognize the related revenues until they are available under accrual basis accounting.

**Cash, Cash Equivalents, and Investments**

Cash includes amounts in demand deposit accounts. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana and investments in United States bonds, treasury notes and bills.

Cash is classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market value. As of December 31, 2020 and 2019, the District has no cash equivalents.

**Restricted Assets**

Restricted assets on the balance sheet represents funds held for accounts required by U.S. Department of Agriculture - Rural Development (reserve account, short lived asset account, and depreciation and contingency account).

**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable and Bad Debts**

Accounts receivable represent amounts owed to the District from customer water usage net of the allowance for doubtful accounts. The District establishes an allowance equal to account balances of terminated customers.

The District requires a deposit on account from its customers as a source of collateral.

The District bills customers for other user fees charged by the Parish. When collected, the District remits these funds to the PCP PJ. The receivables and payables for these funds are not recognized in the assets and liabilities of the District since the District has no claim on these funds. Not included in accounts receivable and accounts payable on the financial statement are amounts billed on behalf of PCP PJ but not collected as of the end of the year. At December 31, 2020 and 2019, these amounts totaled \$13,452 and \$16,098 respectively. Once funds are collected from the customer, the District records a payable to the PCP PJ in its current liabilities. The District included in due to related party amounts collected from customers but owed to PCP PJ totaling \$11,251 and \$11,643, for the years ended December 31, 2020 and 2019, respectively.

**Capital Assets**

Additions to the utility plan in service are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; additions, improvements, and other capital assets with an original cost of \$5,000 or more are capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on depreciable property using the straight-line method. Estimated useful lives are as follows:

Water System	10 – 50 Years
Buildings	20 Years

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts and depreciation.

**Use of Restricted Resources**

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward unrestricted resources and then toward restricted resources. Due to the nature of the restricted resources, all use of restricted resources must be approved by USDA.

**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2020 and 2019

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Concentration of Credit Risk**

The Corporation extends credit to its customers, including governmental agencies, private homeowners and businesses. Although the majority of these customers are located in New Roads, Louisiana, the District does not believe that it is exposed to any significant credit risk in connection with the extension of credit to its customers.

**Reclassifications**

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

**NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS**

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose deposits that are insured with no custodial credit risk. GASB Statement 40 requires only the separate disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either: 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer. The deposits at December 31, 2020, consisted of the following:

	<u>Cash</u>	<u>Total</u>
Deposits in bank accounts per bank	\$ 575,269	\$ 575,269
Bank balances exposed to custodial credit risk:		
a) Uninsured and uncollateralized	325,269	325,269
b) Uninsured and collateralized with securities held by the pledging institution	-	-
c) Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name	-	-

**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts Receivable consisted of the following as of December 31,

	<u>2020</u>	<u>2019</u>
Water Customers	\$ 75,325	\$ 70,729
Accounts Billed on Behalf of PCP PJ	<u>13,452</u>	<u>16,098</u>
Accounts Receivable, Gross	88,877	86,827
Less: Amounts Billed on Behalf of PCP PJ	(13,452)	(16,098)
Less: Allowance for Doubtful Accounts	<u>(44,558)</u>	<u>(45,137)</u>
Accounts Receivable, Net	<u>\$ 30,767</u>	<u>\$ 25,592</u>

**NOTE 4 – CAPITAL ASSETS**

A summary of changes in capital assets follows:

	<u>01/01/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2020</u>
Land (not depreciated)	\$ 148,358	\$ -	\$ -	\$ 148,358
Buildings	13,500	-	-	13,500
Utility Property	<u>10,770,740</u>	-	-	<u>10,770,740</u>
	10,932,598	\$ -	\$ -	10,932,598
Accumulated Depreciation	<u>(4,862,892)</u>	<u>\$ (267,384)</u>	<u>\$ -</u>	<u>(5,130,276)</u>
	<u>\$ 6,069,706</u>			<u>\$ 5,802,322</u>

  

	<u>01/01/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2019</u>
Land (not depreciated)	\$ 148,358	\$ -	\$ -	\$ 148,358
Buildings	13,500	-	-	13,500
Utility Property	<u>10,770,740</u>	-	-	<u>10,770,740</u>
	10,932,598	\$ -	\$ -	10,932,598
Accumulated Depreciation	<u>(4,595,439)</u>	<u>\$ (267,453)</u>	<u>\$ -</u>	<u>(4,862,892)</u>
	<u>\$ 6,337,159</u>			<u>\$ 6,069,706</u>



**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

**NOTE 5 – LONG-TERM DEBT OBLIGATIONS**

The District's debt consists of USDA Bonded Debt. The following summarizes debt transactions for the year ended December 31, 2020:

	Balance 01/01/2020	Additions	Reductions	Balance 12/31/2020	Due Within One Year
\$451,300 Revenue	\$ 210,756	\$ -	\$ (20,911)	\$ 189,845	\$ 20,039
\$110,000 Revenue	77,887	-	(2,833)	75,054	2,737
\$556,000 Revenue	393,686	-	(14,321)	379,365	13,836
\$356,000 Revenue	264,037	-	(8,143)	255,894	7,869
\$1,250,000 Revenue	747,391	-	(38,229)	709,162	36,942
\$2,050,000 Revenue	1,845,353	-	(37,463)	1,807,890	36,607
	<u>\$ 3,539,110</u>	<u>\$ -</u>	<u>\$ (121,900)</u>	<u>\$ 3,417,210</u>	<u>\$ 118,030</u>

Long-term debt obligations for the District at December 31, 2020 are comprised of the following:

## Revenue Bonds:

\$451,300 Waterworks Revenue Bonds, dated April 3, 1989, due in monthly installments of \$2,612 beginning April 1992 through August 2028, including interest at 6.25%	\$ 189,845
\$110,000 U.S. Department of Agriculture – RUS, dated April 3, 2001, due in monthly installments of \$505 beginning May 2001 through February 2039, including interest at 4.5%	75,054
\$556,000 U.S. Department of Agriculture – RUS, dated April 3, 2001, due in monthly installments of \$2,552 beginning May 2001 through February 2039, including interest at 4.5%	379,365
\$356,000 U.S. Department of Agriculture – RUS, dated June 7, 2001, due in monthly installments of \$1,602 beginning June 2001 through May 2041, including interest at 4.5%	255,894
\$1,250,000 U.S. Department of Agriculture – RUS, dated February 15, 2005, due in monthly installments of \$5,675 beginning February 2005 through January 2035, including interest at 4.5%	709,162
\$2,050,000 Waterworks Revenue Bonds, dated July 24, 2012, due in monthly installments of \$7,155 beginning August 2013 through July 2052, including interest at 2.75%.	<u>1,807,890</u>
Total Indebtedness	<u>\$3,417,210</u>



**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

**NOTE 5 – LONG-TERM DEBT OBLIGATIONS (Continued)**

**Debt Service Requirements to Maturity**

The annual requirements to amortize debt outstanding at December 31, 2020, are as follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 118,031	\$ 123,175	\$ 241,206
2022	123,159	118,047	241,206
2023	128,528	112,678	241,206
2024	134,151	107,055	241,206
2025	140,038	101,168	241,206
2026-2030	719,072	413,833	1,132,905
2031-2035	717,831	269,080	986,911
2036-2040	484,327	162,932	647,259
2041-2045	341,776	95,534	437,310
2046-2050	384,549	44,751	429,300
2051-2052	125,748	10,197	135,945
	<u>\$ 3,417,210</u>	<u>\$ 1,558,450</u>	<u>\$ 4,975,660</u>

**Bond Restrictions**

In accordance with the indentures governing the revenue bonds, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability to be serviced by the earnings of the District. Deposits are made to these trust accounts in accordance with the requirements as follows: All revenue derived from operations are to be deposited in a "Revenue Fund" in a bank that is a member of Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.

Required monthly transfers from the "Revenue Fund" are to be made into a "Bond Fund" to provide payment of the next maturing interest and principal of the revenue bonds. The District has opted to make monthly payments on the bonds instead of annual payments; therefore, the use of the "Bond Fund" is not required.

Required monthly transfers of \$358 are to be made from the "Revenue Fund" into a "Reserve Fund" until a sum equal to the highest annual principal and interest on all outstanding bonds of the District. As of December 31, 2020, this is \$241,206 until the year 2027. This fund is restricted to payment of principal and interest in case of default. At December 31, 2020, \$136,463 has accumulated in this fund.

Required monthly transfers of \$358 are to be made from the "Revenue Fund" into a "Depreciation and Contingency Fund". This fund is restricted to payments for unusual or extraordinary maintenance and repairs. Replacement and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the "Bond Fund" or "Reserve Fund". At December 31, 2020, \$122,095 has accumulated in this fund. Management has suspended making payments to these two funds and has been instructed by USDA that no additional annual funding is required.

**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020 and 2019

**NOTE 5 – LONG-TERM DEBT OBLIGATIONS (Continued)**

Required monthly transfers of \$3,013 are to be made from the "Revenue Fund" into a "Short Lived Asset Fund". This fund is restricted to payments for replacement and repairs of assets. At December 31, 2020, \$202,570 has accumulated in this fund.

	Short Lived Asset Fund	Reserve Fund	Depreciation & Contingency Fund
Balance – December 31, 2019	\$ 199,789	\$ 136,409	\$ 122,046
Monthly Deposits	33,143	-	-
Interest Earned	80	54	49
Distribution(s) Authorized by USDA	<u>(30,442)</u>	<u>-</u>	<u>-</u>
Balance – December 31, 2020	\$ 202,570	\$ 136,463	\$ 122,095
Amount Required by Bond Resolutions	<u>133,275</u>	<u>134,914</u>	<u>134,287</u>
Surplus – December 31, 2020	<u>\$ 69,295</u>	<u>\$ 1,549</u>	<u>\$ (12,192)</u>

USDA has communicated to management that because the combined balances are in a net surplus, the funds are considered in compliance.

**NOTE 6 – CONTINGENCIES**

**Litigation**

There is no pending litigation against the District.

**Environmental Contingencies**

Management of the District is not aware of any unrecorded material environmental commitments or contingent environmental liabilities. Environmental contingencies have been mitigated by testing of the water systems on a regular basis and providing the test results to the proper environmental authorities.

**NOTE 7 - LEASE AGREEMENT**

On April 4, 1989, a lease was obtained from Perry Glenn Gustin for a certain lot of land for the purpose of constructing and operating a water district plant and system. The lease was made and accepted for a term of fifty (50) years, effective April 3, 1989, and ending April 3, 2039. The agreement was amended on November 30, 1989 and then again on July 1, 1999. The rental for the use of this property is free water usage for his present household and shop building during the term of the lease at the rate of \$42 per month or \$502 per annum.





**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

**NOTE 8 – COMPENSATION PAID TO BOARD MEMBERS**

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to the board members is as follows:

	<u>2020</u>	<u>2019</u>
Van J. Debetaz	\$ 1,100	\$ 1,000
Marvin Losavio	1,000	1,200
Mark Major	1,100	1,100
Ron Pourciau	1,000	1,200
Kelly Rivet	900	800
	<u>\$ 5,100</u>	<u>\$ 5,300</u>

**NOTE 9 - MAINTENANCE AGREEMENT**

The District entered into a maintenance agreement with M & C Water, L.L.C. ("Contractor") for the maintenance of all service lines to minimum standards of the State of Louisiana, maintenance of eight wells, after hour call outs for necessary repairs and maintenance, disconnect water service, and attendance at board meetings. The Contractor is to be paid \$5.02 per meter or approximately \$8,300 per month for all routine service, \$175 or \$200 per new service taps, \$100 per hour for repairs, \$1 per meter for readings, \$50 per disconnect service, and \$100 per hour to repair hydrants. The Agreement was renewed on November 1, 2008 and renewed again in November, 2011. Fees incurred under the agreement for the year ended December 31, 2020 and 2019 were \$131,730 and \$148,802, respectively.

**NOTE 10 - FINANCIAL SERVICES & BILLING AGREEMENTS**

The District has entered into a financial service and billing agreement with Merrick & Hogan, CPAs for accounting and billing services. For the year ended December 31, 2020 and 2019, fees and reimbursed costs incurred under the agreements amounted to \$51,252 and \$56,931, respectively.

**NOTE 11 – STATE FEES**

Certain fees required by the Louisiana Department of Health and Hospitals are passed on to the District's customers. These fees are billed, collected, and remitted to the appropriate state agency and are not included in the revenues and expenses of the District.

**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

**NOTE 12 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

The District's financial assets available within one year of the balance sheet date for general expenses are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents- Operating	\$ 575,848	\$ 529,753
Accounts receivable	30,767	25,592
Prepaid expenses	<u>9,668</u>	<u>9,218</u>
Total Current Assets	\$ 616,283	\$ 564,563

Certain assets are restricted by lenders for specific purposes and, therefore, are not available for general expenses. As part of the District's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. Although the District does not intend to spend from its restricted assets other than the amounts appropriated for general expenses as part of its annual budgeting process, amounts from its restricted assets could be made available if necessary.

**NOTE 13 – RECENT ACCOUNTING PRONOUNCEMENTS**

In May of 2014 the FASB issued Accounting Standards Update No. 2014-9, Revenue from Contracts with Customers (Topic 606). This guidance is a comprehensive new revenue recognition standard that will supersede substantially all existing revenue recognition guidance. The new standard's core principle is that the District will recognize revenue when it transfers promised good or services to customers in an amount that reflects the consideration to which the company expects to be more entitled in exchange for those goods or services. In doing so, companies will need to use more judgement and make more estimates than under existing guidance. These may include identifying performance obligation in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. In June of 2020, the FASB agreed to delay the effective date of the standard by one year. Therefore, the new standard will be implemented by the District for the year ended December 31, 2021, and is not expected to have a significant impact on the District's financial statements.

In February 2016, the FASB issues ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets. The standard will require organizations to recognize on the statement of net position the assets and liabilities for the rights and obligations created by those leases if the least terms are more than 12 months. The guidance also will require qualitative and quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for the fiscal year beginning after December 15, 2020, including interim periods within those fiscal years. The District is evaluating the potential impact of the amendment on future financial statements



**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

NOTE 14 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through July 30, 2021, which is the date the financials were available to be issued.

The District's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the District's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the collection of the District's revenues.



**OTHER REPORTS REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***

The following pages contain a report on internal control and on compliance with laws and regulations and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the basic financial statements and includes, where appropriate, any reportable conditions and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.



**TWRU**

*CPAs & Financial Advisors*



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

Board of Directors  
Waterworks District No. 2 of Pointe Coupee Parish, LA  
New Roads, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Waterworks District No. 2 of Pointe Coupee Parish, LA (the District), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 30, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

TWRU

CPAs & Financial Advisors  
Baton Rouge, Louisiana  
July 30, 2021

WATERWORKS DISTRICT NO.2 OF POINTE COUPEE PARISH, LA  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended December 31, 2020

Section A – Summary of Auditors’ Reports

- The auditors’ report expresses an unmodified opinion on the financial statements of the Waterworks District No. 2 of Pointe Coupee Parish, LA.
- No deficiencies were disclosed during the audit of the financial statements.
- No instances of noncompliance were disclosed during the audit of the financial statements.

Section B - Financial Statement Findings

Current Year – None

Prior Year – None

**Supplemental Information Required by USDA**

(Unaudited)



**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA**

Supplemental Information Required by USDA (Unaudited)

December 31, 2020 and 2019

**Water Customers and Rates**

At December 31, 2020, the District billed the following number of customers:

<u>Rate Code/Description</u>		<u>Customers</u>	<u>Rate</u>
W1 – Residential	1,454	\$ 14.64 – 1 <sup>st</sup> 2,000 gallons	
		\$ 4.28 – per thousand, over 2,000 gallons	
W2 – Commercial	23	\$ 43.94 – 1 <sup>st</sup> 10,000 gallons	
		\$ 4.28 – per thousand, over 10,000 gallons	
W4 – Industrial	2	\$ 925.89 – 1 <sup>st</sup> 1,000,000 gallons	
		\$ 4.28 – per thousand, over 1,000,000 gallons	
W5 – Batchelor Elementary	1	\$ 450.00 – per month flat rate	
W6 – P. C. Central High	1	\$ 1,500.00 – per month flat rate	
W7 – Camps	87	\$ 15.01 – 1 <sup>st</sup> 2,000 gallons	
		\$ 4.18 – per thousand, next 8,000 gallons	
		\$ 4.28 – per thousand, over 10,000 gallons	
W8 – Farmers	40	\$ 23,0448 – 1 <sup>st</sup> 2,000 gallons	
		\$ 4.28 – per thousand, over 2,000 gallons	
W9 – Sheriff	1	\$ 23,0448 – 1 <sup>st</sup> 2,000 gallons	
		\$ 4.28 – per thousand, over 2,000 gallons	
W10 – Governmental	0	\$ 43.94 – 1 <sup>st</sup> 10,000 gallons	
		\$ 4.28 – per thousand, over 10,000 gallons	

**Aged Accounts Receivable**

At December 31, 2020, the receivables due from customers are as follows:

	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91-120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
Gross	\$ 21,295	\$ 4,340	\$ 772	\$ 302	\$ 48,616	\$ 75,325
Allowance	(579)	(387)	(164)	(85)	(43,343)	(44,558)
Net	\$ 20,716	\$ 3,953	\$ 608	\$ 217	\$ 5,273	\$ 30,767



**TWRU**

CPAs & Financial Advisors

**WATERWORKS DISTRICT NO. 2 OF POINTE COUPEE PARISH, LA**

Supplemental Information Required by USDA (Unaudited)

December 31, 2020 and 2019

Issuer/Insurer	Insurance in Force		Coverage Effective Dates
	Type of Insurance	Limit Description	
Cazayoux Insurance Agency/ American Alternative Insurance Corporation			07/31/20 – 07/31/21
		General Liability: Bodily injury and property damage	
		Per occurrence	\$ 1,000,000
		Aggregate	\$ 3,000,000
		Medical expense	
		Per accident	\$ 10,000
		Personal injury and advertising injury	
		Per person or organization	\$ 1,000,000
		Aggregate	\$ 3,000,000
		Professional liability	
		Per claim	\$ 1,000,000
		Aggregate	\$ 3,000,000
		Directors and Officers	
		Occurrence	\$ 1,000,000
	Aggregate Limit	\$ 3,000,000	
	Cyber Liability		
	Occurrence	\$ 1,000,000	
	Umbrella Policy		
	Per person	\$ 1,000,000	
	Aggregate	1,000,000	
	Property		
	Replacement Cost	\$ 6,050,863	
	Loss of Income	\$ 250,000	
	Extra Expenses	\$ 250,000	
Smith - LBA Insurance CNA Surety	Fidelity Bond		05/15/20 – 05/15/21
	Per Occurrence	\$ 241,206	



**TWRU**

CPAs & Financial Advisors

**Other Supplemental Information**

## WATERWORKS DISTRICT NO.2 OF POINTE COUPEE PARISH, LA

SCHEDULES OF COMPENSATION, REIMBURSEMENTS, BENEFITS AND OTHER PAYMENTS TO  
AGENCY HEAD, POLITICAL SUBDIVISION HEAD, OR CHIEF EXECUTIVE OFFICER

For the Year Ended December 31, 2020 and 2019

**Agency Head Name:** There is no agency head, political subdivision head or chief executive officer.

Board Members were paid the following in non-employee compensation for attending board meetings.

	<u>2020</u>	<u>2019</u>
Van J. Debetaz	\$ 1,100	\$ 1,000
Marvin Losavio	1,000	1,200
Mark Major	1,100	1,100
Ron Pourciau	1,000	1,200
Kelly Rivet	<u>900</u>	<u>800</u>
	<u>\$ 5,100</u>	<u>\$ 5,300</u>

Board Members were paid the following in travel reimbursement for attending board meetings.

	<u>2020</u>	<u>2019</u>
Van J. Debetaz	\$ 257	\$ 257
Marvin Losavio	283	309
Mark Major	142	142
Kelly Rivet	<u>158</u>	<u>140</u>
	<u>\$ 840</u>	<u>\$ 848</u>