

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

As of and for the Years Ended December 31, 2019 and 2018
with Supplemental Information Schedules

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

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

**Annual Financial Statements
As of and for the Years Ended December 31, 2019 and 2018
With Supplemental Information Schedules**

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Greensburg, Louisiana**

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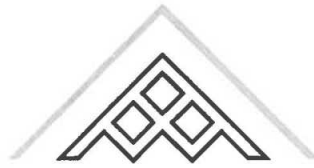
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ANTHONY B. BAGLIO, CPA
PRESIDENT

MEMBER

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana, a component unit of the St. Helena Parish Police Jury, as of and for the years ended December 31, 2019 and 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana as of December 31, 2019 and December 31, 2018 and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 - 13 and 38 and 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's basic financial statements. The supplemental information schedules on pages 41 - 44 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 5, 2020 on my consideration of the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control over financial reporting on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's internal control over financial reporting and compliance.

Respectfully submitted,



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

June 05, 2020

Required Supplementary Information
Management's Discussion and Analysis

Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
As of and for the Years Ended December 31, 2019 and 2018

Introduction

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

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

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

Financial Highlights

- On December 31, 2019, total assets were \$11,742,659, and exceeded liabilities in the amount of \$6,181,452 (i.e., net position). Of the total net position, \$655,175 was unrestricted and available to support short-term operations; \$843,214 was restricted primarily for capital projects and debt service, with a balance of \$4,683,063 as the investment in capital assets.
- For the year ended December 31, 2019, user fee revenues (water sales) decreased by \$39,568 to \$893,626 as compared to \$933,194 for the fiscal year ending December 31, 2018.
- The District's operating expenses, other than depreciation expense, decreased by \$918 to \$708,316 as compared to \$709,234 for the prior fiscal year.
- Total bonds payable decreased \$103,863 on December 31, 2019, due to principal payments on long-term debt.

**Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
As of and for the Years Ended December 31, 2019 and 2018**

Overview of the Annual Financial Report

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

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

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

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

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

Financial Analysis

The purpose of financial analysis is to help determine whether Waterworks District No. 2 of St. Helena Parish is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position, are presented below in condensed format. These statements report the net position, the difference between assets and liabilities, and the change in net position, which provides information for indicating the financial condition of the District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
As of and for the Years Ended December 31, 2019 and 2018

Condensed Statements of Net Position
2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Assets:				
Current and Other Assets	\$ 1,774,519	\$ 1,875,432	\$ (100,913)	-5.38%
Capital Assets	<u>9,968,140</u>	<u>10,207,763</u>	<u>(239,623)</u>	-2.35%
Total Assets	<u>11,742,659</u>	<u>12,083,195</u>	<u>(340,536)</u>	-2.82%
Liabilities:				
Long-Term Debt Outstanding	5,285,077	5,388,940	(103,863)	-1.93%
Other Liabilities	<u>276,130</u>	<u>317,495</u>	<u>(41,365)</u>	-13.03%
Total Liabilities	<u>5,561,207</u>	<u>5,706,435</u>	<u>(145,228)</u>	-2.54%
Net Position:				
Net Investment in Capital Assets	4,683,063	4,818,823	(135,760)	-2.82%
Restricted for Capital Projects and Debt Service	843,214	758,418	84,796	11.18%
Unrestricted	<u>655,175</u>	<u>799,519</u>	<u>(144,344)</u>	-18.05%
Total Net Position	<u>\$ 6,181,452</u>	<u>\$ 6,376,760</u>	<u>\$ (195,308)</u>	-3.06%

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

"Capital Assets" decreased for the fiscal year ending December 31, 2019. The District purchased additions that included \$1,340 in machinery and equipment for a copier, \$7,253 in building improvements for an A/C unit, water improvements of \$75,815 and water improvements reclassified from construction in progress for \$211,622 for the completed LCDBG project. Total construction costs decreased \$105,597 as detailed in *Footnote 6 – Capital Assets*. The District had asset impairments related to abandoned wells during the fiscal year. This impairment was for three water wells with total costs of \$249,420. These wells had accumulated depreciation of \$205,571. This resulted in an impairment loss of \$43,849.

Total debt decreased by \$103,863, related to principal payments on long-term debt.

"Total Net Position" (total assets less total liabilities) decreased by \$195,308 for the fiscal year ending December 31, 2019 as a result of the activity outlined above.

Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
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Condensed Statements of Revenues, Expenses and Changes in Net Position
2019 and 2018

	Year ended December 31, 2019	Year ended December 31, 2018	Dollar Change	Percentage Change
Revenues:				
Operating Revenues	\$ 1,031,456	\$ 1,055,562	\$ (24,106)	-2.28%
Nonoperating Revenues	56,261	44,677	11,584	25.93%
Total Revenues	<u>1,087,717</u>	<u>1,100,239</u>	<u>(12,522)</u>	-1.14%
Expenses:				
Depreciation Expense	386,207	318,031	68,176	21.44%
Other Operating Expense	708,316	709,234	(918)	-0.13%
Nonoperating Expense	171,353	125,904	45,449	36.10%
Total Expenses	<u>1,265,876</u>	<u>1,153,169</u>	<u>112,707</u>	9.77%
Income (Loss) Before Contributions	<u>(178,159)</u>	<u>(52,930)</u>	<u>(125,229)</u>	-236.59%
Capital Contributions	26,700	925,400	(898,700)	-97.11%
Special Item	<u>(43,849)</u>	-	<u>(43,849)</u>	N/A
Changes in Net Position	<u>(195,308)</u>	872,470	<u>(1,067,778)</u>	-122.39%
Beginning Net Position	6,376,760	5,504,290	872,470	15.85%
Ending Net Position	<u>\$ 6,181,452</u>	<u>\$ 6,376,760</u>	<u>\$ (195,308)</u>	-3.06%

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

Total "Operating Revenues" decreased by \$24,106. "Non-Operating Revenues" increased \$11,584. Water sales revenues decreased in Operating Revenues; however, service and connection fee revenue increased \$15,995. Non-Operating Revenues increased primarily related to increases in bad debt recoveries and other income.

"Other Operating Expenses" decreased by \$918. The decrease is due primarily to decreases in salaries of \$13,791, utility expenses of \$4,462, and professional fees of \$3,854 offset by increases of \$11,027 for meter installations and \$10,147 in repairs and maintenance.

Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
As of and for the Years Ended December 31, 2019 and 2018

Budgetary Highlights

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

Budget vs. Actual - Fiscal Year ended December 31, 2019

	Budget Year ended December 31, 2019	Actual Year ended December 31, 2019	Favorable (Unfavorable) Variance
Revenues:			
Operating Revenues	\$ 1,017,250	\$ 1,031,456	\$ 14,206
Nonoperating Revenues	41,900	56,261	14,361
Total Revenues	<u>1,059,150</u>	<u>1,087,717</u>	<u>28,567</u>
Expenses:			
Depreciation Expense	360,000	386,207	(26,207)
Other Operating Expense	709,754	708,316	1,438
Nonoperating Expense	168,000	171,353	(3,353)
Total Expenses	<u>1,237,754</u>	<u>1,265,876</u>	<u>(28,122)</u>
Capital Contributions	-	26,700	26,700
Special Item	-	(43,849)	(43,849)
Change in Net Position	<u>\$ (178,604)</u>	<u>\$ (195,308)</u>	<u>\$ (16,704)</u>

Actual revenues were 3% greater than budgeted revenue while expenses were 2% percent less of budgeted amounts for the year.

Capital contributions primarily consisted of \$26,700 for developer fees for water extension for Uncle Son's Lane.

Special Item consisted of \$43,849 in impairment loss due to the abandonment of three water wells with total costs of \$249,420. These wells had accumulated depreciation of \$205,571.

Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
As of and for the Years Ended December 31, 2019 and 2018

Other Significant Trends and Account Changes

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

General Operating Data

The District had the following number of customers:

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>Increase</u> <u>(Decrease)</u>
Customers			
Residential	2,532	2,480	52
Commercial and Dairy	71	70	1
Total Customers	<u>2,603</u>	<u>2,550</u>	<u>53</u>
Number of customers having a meter size larger than the residential size (3/4")			<u>56</u>

One key measure of the District's profitability, and the ability to generate positive cash flows, is the ability of the water system to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ending December 31, 2019 and 2018.

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>Increase</u> <u>(Decrease)</u>
Accounts Receivable			
Current	\$ 63,704	\$ 60,344	\$ 3,360
31-60 Days Past Due	21,996	23,665	(1,669)
61-90 Days Past Due	2,434	3,924	(1,490)
Over 90 Days Past Due	516	4,979	(4,463)
Subtotal	<u>88,650</u>	<u>92,912</u>	<u>(4,262)</u>
Allowance for Uncollectible Accounts	<u>(2,112)</u>	<u>(2,112)</u>	<u>-</u>
Net Accounts Receivable	<u>\$ 86,538</u>	<u>\$ 90,800</u>	<u>\$ (4,262)</u>

**Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
As of and for the Years Ended December 31, 2019 and 2018**

Capital Assets and Debt Administration

Capital Assets

At the end of the fiscal year ending December 31, 2019, Waterworks District No. 2 of St. Helena Parish had \$9,968,140 (net of accumulated depreciation) recorded in capital assets. This includes water systems and improvements, investments in an office building, land, vehicles, and maintenance equipment used to operate the water system. The changes in capital assets are presented in the table below.

	December 31, 2019	December 31, 2018	Increase (Decrease)	Percentage Change
Capital Assets				
Land	\$ 57,231	\$ 57,231	\$ -	0%
Building & Improvements	281,599	274,346	7,253	3%
Equipment	186,071	184,731	1,340	1%
Furniture and Fixtures	17,764	17,764	-	0%
Vehicles	139,377	139,377	-	0%
Utility System	14,316,848	14,278,831	38,017	0%
Construction in Progress	116,006	221,603	(105,597)	-48%
Subtotal	15,114,896	15,173,883	(58,987)	0%
Less: Accumulated Depreciation	(5,146,756)	(4,966,120)	(180,636)	-4%
Net Capital Assets	\$ 9,968,140	\$ 10,207,763	\$ (239,623)	-2%

“Capital Assets” decreased by \$239,623 for the fiscal year ending December 31, 2019. The District purchased additions that included \$1,340 in machinery and equipment for a copier, \$7,253 in building improvements for an A/C unit, water improvements of \$75,815 and water improvements reclassified from construction in progress for \$211,622 for the completed LCDBG project. Total construction costs decreased \$105,597.

During the year ending December 31, 2016, the District began the 2015 LCDBG Water System Improvement Project for a water system addition along La Highway 38 and other local Parish roads. For the LCDBG project, the District pays engineering and planning costs, with estimated LCDBG construction costs of \$440,520 to be paid by St. Helena Parish Police Jury, based on a low-bid accepted January 24, 2017, by Police Jury. The accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance. Related to this project, the District incurred engineering and construction costs of \$98,243 for the current fiscal year ended. This project was completed during the current fiscal year ended and \$211,622 was reclassified from construction in progress to water improvements.

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

Waterworks District No. 2 of St. Helena Parish
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There was an increase of \$7,232 in construction in progress costs related to the 2019 CWEF project. These CWEF costs were for engineering and planning costs paid directly by the District. This project has not been approved or bid as of December 31, 2019. However, after construction is completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance. There was also an increase of \$550 in construction in progress costs related to the application for the 2020 CWEF project. These CWEF costs were for engineering and planning costs paid directly by the District. This project has not been approved or bid as of December 31, 2019. However, after construction is completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

The District had asset impairments related to abandoned wells during the fiscal year. This impairment was for three water wells with total carrying values of \$249,420 that were written off during the fiscal year. These wells had accumulated depreciation of \$205,571. This resulted in an impairment loss of \$43,849.

The District had no other asset disposals during the fiscal year. Depreciation expense for the fiscal year ending December 31, 2019 was \$386,207.

Long-Term Obligations

The primary source of long-term financing for Waterworks District No. 2 of St. Helena Parish is revenue bonds financed by the United States Department of Agriculture, Rural Utilities Service (RUS) in addition to one revenue bond, which was refunded by a private lending institution as Revenue Refunding Bonds, Series 2002. Interest rates for long-term debt financed through RUS and a private lending institution at December 31, 2019, range from 2.25% to 6.375%, with initial payment terms for bonds generally at 40 years.

Bonds financed for Waterworks District No. 2 of St. Helena Parish do not generally require a specific debt to net income or net cash flow ratio, but bond restrictions do state that the District must set its water rates at a level necessary to fund debt service requirements and to pay for the normal operating expenses of the District. One measure of the operating performance of the District is the Debt to Net Position ratio. This measure, viewed over time, yields a comparison of how the District has maintained a workable ratio of total debt to net resources of the District. An increase over an extended period of time would indicate that the District is increasing debt in relation to its operating performance, and management should analyze other factors, such as overall profitability, to ensure that total debt is increased only in relation to the income that will be earned by financed expansions. As indicated, the ratio is only a measure of performance and should be reviewed over an extended period of time in combination with other factors that indicate the profitability of the District.

Waterworks District No. 2 of St. Helena Parish
Management's Discussion and Analysis
As of and for the Years Ended December 31, 2019 and 2018

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Total Long-Term Debt	\$ 5,285,077	\$ 5,388,940
Long Term	5,177,582	5,285,081
Revenue Bond - Current	107,495	103,859
Capital Lease - Current	-	-
 Total Net Position	 \$ 6,181,452	 \$ 6,376,760
 Total Long-Term Debt to Net Position Ratio	 0.85	 0.85

Future Economic Plans

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

Requests for Information

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

Financial Statements

Statement A

Waterworks District No. 2 of St. Helena Parish
Statement of Net Position
As of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 593,032	\$ 718,208
Receivables, Net :		
Accounts	86,538	90,800
Other	63,558	75,361
Inventory	56,256	55,608
Prepaid Insurance	6,580	6,966
Total Current Assets	<u>805,964</u>	<u>946,943</u>
Restricted Assets:		
Restricted Cash and Cash Equivalents	<u>968,555</u>	<u>928,489</u>
Total Restricted Assets	<u>968,555</u>	<u>928,489</u>
Property, Plant, and Equipment		
Land	57,231	57,231
Construction in Progress	116,006	221,603
Property, Plant and Equipment, Net	<u>9,794,903</u>	<u>9,928,929</u>
Total Property, Plant, and Equipment	<u>9,968,140</u>	<u>10,207,763</u>
Total Assets	<u>11,742,659</u>	<u>12,083,195</u>
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	47,999	47,695
Other Accrued Payables	102,790	99,729
Total Current Liabilities (Payable From Current Assets)	<u>150,789</u>	<u>147,424</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	104,455	100,305
Construction Payable	1,186	6,447
Retainage Payable	-	42,598
Current Revenue Bonds Payable	107,495	103,859
Accrued Interest - RUS Bonds	19,700	20,721
Total Current Liabilities (Payable From Restricted Assets)	<u>232,836</u>	<u>273,930</u>
Long Term Liabilities:		
Bonds Payable	<u>5,177,582</u>	<u>5,285,081</u>
Total Long Term Liabilities	<u>5,177,582</u>	<u>5,285,081</u>
Total Liabilities	<u>5,561,207</u>	<u>5,706,435</u>
Net Position		
Net Investment in Capital Assets	4,683,063	4,818,823
Restricted for Capital Projects and Debt Service	843,214	758,418
Unrestricted	655,175	799,519
Total Net Position	<u>\$ 6,181,452</u>	<u>\$ 6,376,760</u>

The accompanying notes are an integral part of this statement.

Statement B

Waterworks District No. 2 of St. Helena Parish
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Water Sales	\$ 893,626	\$ 933,194
Service and Connection Fees	69,390	53,395
Penalties	37,461	38,414
Other Revenues	30,979	30,559
Total Operating Revenues	<u>1,031,456</u>	<u>1,055,562</u>
Operating Expenses		
Advertising	417	1,043
Bad Debts	8,738	9,568
Postage	9,140	9,004
Chemicals/Chlorination	20,295	18,114
Deferred Compensation	16,897	17,631
Depreciation	386,207	318,031
Director's Expense	3,600	3,360
Educational Expense	350	384
Fuel	1,223	2,291
Insurance	44,372	45,801
Meter Installations	27,700	16,673
Other	29,954	30,174
Payroll Taxes	22,180	23,081
Professional Fees:		
Accounting	13,130	14,300
Auditing	12,000	13,000
Legal Fees	-	-
Engineering Fees	-	1,684
Repairs and Maintenance	75,028	64,881
Salaries and Wages	284,728	298,519
Software - Maintenance Costs	1,980	1,980
Supplies - Office	6,493	5,812
Supplies - Water System	32,880	31,420
Telephone	6,370	6,460
Travel	-	461
Utilities	65,434	69,896
Vehicle Expenses	25,407	23,697
Total Operating Expenses	<u>1,094,523</u>	<u>1,027,265</u>
Operating Income (Loss)	<u>(63,067)</u>	<u>28,297</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement B

Waterworks District No. 2 of St. Helena Parish
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Nonoperating Revenues (Expenses)		
Interest Income	36,054	35,912
Interest Expense	(166,096)	(125,904)
Bad Debt Recovery	5,571	1,614
Abandoned Wells Cost	(5,257)	-
Other Income	14,636	7,151
Total Nonoperating Revenues (Expenses)	<u>(115,092)</u>	<u>(81,227)</u>
Income (Loss) Before Contributions	<u>(178,159)</u>	<u>(52,930)</u>
Contributions		
Capital Contributions	26,700	925,400
Special Item		
Impairment on Abandoned Water Wells	<u>(43,849)</u>	<u>-</u>
Change in Net Position	(195,308)	872,470
Total Net Position, Beginning	<u>6,376,760</u>	<u>5,504,290</u>
Total Net Position, Ending	<u>\$ 6,181,452</u>	<u>\$ 6,376,760</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement C

Waterworks District No. 2 of St. Helena Parish
Statement of Cash Flows
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Received From Customers	\$ 1,004,739	\$ 1,024,111
Received for Meter Deposit Fees	4,150	1,050
Other Receipts	42,782	31,248
Payments for Operations	(398,305)	(377,269)
Payments to Employees	(306,908)	(321,600)
Net Cash Provided by Operating Activities	<u>346,458</u>	<u>357,540</u>
Cash Flows From Noncapital Financing Activities		
Recovery of Bad Debts	5,571	1,614
Other Receipts	14,636	7,151
Net Cash Provided by Noncapital Financing Activities	<u>20,207</u>	<u>8,765</u>
Cash Flows From Capital and Related Financing Activities		
Capital Contributions of Fixed Assets (Received)	26,700	925,400
(Payments for) Capital Acquisitions	(238,292)	(1,078,905)
Payments for Abandoned Wells	(5,257)	-
Principal Proceeds from (Repayments for) Long Term Debt	(103,863)	(99,928)
Debt Issue Cost (Payments)	-	-
Interest Payments for Long Term Debt	(167,117)	(126,848)
Net Cash Used by Capital and Related Financing Activities	<u>(487,829)</u>	<u>(380,281)</u>
Cash Flows From Investing Activities		
Receipt of Interest	36,054	35,912
Net Cash Provided (Used) by Investing Activities	<u>36,054</u>	<u>35,912</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	(85,110)	21,936
Cash and Cash Equivalents, Beginning of Year	<u>1,646,697</u>	<u>1,624,761</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,561,587</u>	<u>\$ 1,646,697</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 593,032	\$ 718,208
Cash and Cash Equivalents, Restricted	968,555	928,489
Total Cash and Cash Equivalents	<u>\$ 1,561,587</u>	<u>\$ 1,646,697</u>

(Continued)

The accompanying notes are an integral part of this statement.

Waterworks District No. 2 of St. Helena Parish
Statement of Cash Flows
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)		
by Operating Activities		
Operating Income (Loss)	\$ (63,067)	\$ 28,297
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
by Operating Activities:		
Depreciation	386,207	318,031
(Increase) decrease in Accounts Receivable	4,262	(892)
(Increase) decrease in Other Receivable	11,803	689
(Increase) decrease in Inventory	(648)	(7,277)
(Increase) decrease in Prepaid Insurance	386	(451)
Increase (decrease) in Accounts Payable	304	10,835
Increase (decrease) in Accrued Expenses	3,061	7,258
Increase (decrease) in Customer Deposits	4,150	1,050
Net Cash Provided by Operating Activities	<u>\$ 346,458</u>	<u>\$ 357,540</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

Introduction

Waterworks District No. 2 of St. Helena Parish was established July 1983, by an ordinance of the St. Helena Parish Police Jury, Greensburg, Louisiana. The ordinance enacted pursuant to Louisiana Revised Statutes 33:3813, describes and defines the boundaries of the water district, and provides for a five-member governing board of commissioners appointed by the St. Helena Parish Police Jury. The District currently serves 2,603 customers as of December 31, 2019, and operates in an area extending from Livingston Parish on the southern boundary and extending northward through Ward 5, Ward 3 north of Montpelier (bounded on the south by Ward 4), north to most of Ward 2, and parts of Ward 1 and 6. Waterworks District No. 2 of St. Helena Parish was thus created and constitutes a public corporation and political subdivision of the State of Louisiana, and has all the power and privileges granted by the Constitution and statutes of this state to such subdivision, including the authority to incur debt, to issue bonds, and to levy taxes and assessments.

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

1. Summary of Significant Accounting Policies

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

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

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

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position*. As required by the Governmental Accounting Standards Board (GASB), the District implemented GASB Statement No. 63 during the year ending December 31, 2012. The District did not have any deferred outflows or deferred inflows of resources at December 31, 2019.

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

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

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

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

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

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

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

B. Cash and Cash Equivalents and Investments

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

C. Investments

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

D. Inventories

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

E. Prepaid Items

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

F. Restricted Assets

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

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

G. Capital Assets

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

H. Compensated Absences

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

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

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

I. Long-Term Debt Obligations

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

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

The District has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, are revised. This standard was intended to compliment GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65. The District did not have any bond related costs in the year ending December 31, 2019.

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

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

Paragraph 187 of GASB Statement 62 establishes standards of accounting and financial reporting for debt issuance costs. Paragraph 12 of Statement 7 indicates that debt issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs (net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing, legal, administrative, and trustee expenses). Debt issuance costs, except any portion related to prepaid insurance costs should be recognized as an expense in the period incurred. Prepaid insurance costs should be reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

J. Net Position

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

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

K. Comparative Data/Reclassifications

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

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

L. Extraordinary and Special Items

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

M. Estimates

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

2. Cash and Cash Equivalents

On December 31, 2019, the District had cash and cash equivalents (book balances) as follows:

Demand Deposits	\$ <u>1,561,587</u>
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These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. On December 31, 2019, the District has \$1,562,045 in demand deposits (collected bank balances) for cash and cash equivalents, in one bank. \$250,000 of the demand deposits are secured from risk by \$250,000 of federal deposit insurance and the remaining \$1,312,045 of demand deposits are secured by pledged securities. The \$1,312,045 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial risk. However, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

3. Investments

Investments are categorized into these three categories of credit risk:

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

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments, when held, are carried at fair market value, with the estimated fair market value based on quoted market prices.

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

The District had no investments at December 31, 2019.

4. Receivables

The following is a summary of receivables at December 31, 2019 and 2018:

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>Increase</u> <u>(Decrease)</u>
Accounts Receivable			
Current	\$ 63,704	\$ 60,344	\$ 3,360
31-60 Days Past Due	21,996	23,665	(1,669)
61-90 Days Past Due	2,434	3,924	(1,490)
Over 90 Days Past Due	516	4,979	(4,463)
Subtotal	<u>88,650</u>	<u>92,912</u>	<u>(4,262)</u>
Allowance for Uncollectible Accounts	<u>(2,112)</u>	<u>(2,112)</u>	<u>-</u>
Net Accounts Receivable	<u>\$ 86,538</u>	<u>\$ 90,800</u>	<u>\$ (4,262)</u>

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. Periodically, the board reviews the aging of receivables and determines the actual amount uncollectible. Per board approval, uncollectible amounts are written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of un-collectability. In 2019, the board authorized write-offs for the fiscal year of \$8,738.

“Other Receivables” totaled \$63,558 for the fiscal year ending December 31, 2019 and include primarily estimated unbilled revenues (accrued billings). Accrued billings amounts were \$63,493 and \$75,020 at December 31, 2019 and 2018 respectively.

5. Restricted Assets

Restricted assets were applicable to the following sources at December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
Restricted Cash and Cash Equivalents		
Customer Deposits	\$ 12,359	\$ 14,413
Bond Reserve Account - Rural Utility Service (RUS)	186,450	168,709
Bond Depreciation and Contingency Account - RUS	110,324	94,361
Bond Sinking Account - RUS	278,359	271,943
Bond Short Lived Assets	162,879	127,786
Construction Accounts	147,766	182,503
Accumulated Leave Account	70,418	68,774
Total Restricted Assets	<u>\$ 968,555</u>	<u>\$ 928,489</u>

6. Capital Assets

A summary of changes in capital assets during the fiscal year ending December 31, 2019 is as follows:

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

	Beginning Balance 12/31/18	Additions and Reclassifications	Deletions and Reclassifications	Ending Balance 12/31/19
Capital Assets				
Land	\$ 57,231	\$ -	\$ -	\$ 57,231
Building & Improvements	274,346	7,253	-	281,599
Equipment	184,731	1,340	-	186,071
Furniture and Fixtures	17,764	-	-	17,764
Vehicles	139,377	-	-	139,377
Utility System	14,278,831	287,437	(249,420)	14,316,848
Total Capital Assets in Service	14,952,280	296,030	(249,420)	14,998,890
Less Accumulated Depreciation	(4,966,120)	(386,207)	205,571	(5,146,756)
Total Capital Assets being Depreciated	9,986,160	(90,177)	(43,849)	9,852,134
Construction in Progress	221,603	106,025	(211,622)	116,006
Total Capital Assets, Net	\$ 10,207,763	\$ 15,848	\$ (255,471)	\$ 9,968,140

During the year ending December 31, 2019, the District purchased additions that included \$1,340 in machinery and equipment for a copier, \$7,253 in building improvements for an A/C unit, water improvements of \$75,815 and water improvements reclassified from construction in progress for \$211,622 for the completed LCDBG project. Total construction costs decreased \$105,597.

During the year ending December 31, 2016, the District began the 2015 LCDBG Water System Improvement Project for a water system addition along La Highway 38 and other local Parish roads. For the LCDBG project, the District pays engineering and planning costs, with estimated LCDBG construction costs of \$440,520 to be paid by St. Helena Parish Police Jury, based on a low bid accepted January 24, 2017, by Police Jury. The accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance. Related to this project, the District incurred engineering and construction costs of \$98,243 for the current fiscal year ended. This project was completed during the current fiscal year ended and \$211,622 was reclassified from construction in progress to water improvements.

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

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

There was an increase of \$7,232 in construction in progress costs related to the 2019 CWF project. These CWF costs were for engineering and planning costs paid directly by the District. This project has not been approved or bid as of December 31, 2019. However, after construction is completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance. There was also an increase of \$550 in construction in progress costs related to the application for the 2020 CWF project. These CWF costs were for engineering and planning costs paid directly by the District. This project has not been approved or bid as of December 31, 2019. However, after construction is completed, the accepted project will be donated by the St. Helena Parish Police Jury to the District for continued maintenance.

The District had asset impairments related to abandoned wells during the fiscal year. This impairment was for three water wells with total carrying values of \$249,420 that were written off during the fiscal year. These wells had accumulated depreciation of \$205,571. This resulted in an impairment loss of \$43,849.

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

Depreciation expense for the fiscal year ending December 31, 2019 was \$386,207.

7. Accounts Payable and Accrued Liabilities

Payables on December 31, 2019 and 2018 were as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts Payable:		
Vendors	\$ 26,604	\$ 26,475
Accrued Audit Fees	11,500	11,500
Accrued Accounting Fees	9,895	9,720
Total Accounts Payable	\$ <u>47,999</u>	\$ <u>47,695</u>
Accrued Liabilities:		
Accrued Vacation Leave	\$ 8,310	\$ 8,164
Accrued Sick Leave	64,756	62,448
Accrued Wages	13,383	12,716
Other Accrued Liabilities	16,341	16,401
Total Accrued Liabilities	\$ <u>102,790</u>	\$ <u>99,729</u>

The District maintains a cash account, totaling \$70,418 at December 31, 2019, to fund the related accrued leave obligation of \$73,066. The District's policy is to periodically transfer cash to fund the cash leave account in an amount equal to the accrued leave obligation.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

8. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2019:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-Term Debt					
1987 Water Revenue Bonds	\$ 99,169	\$ -	\$ 7,546	\$ 91,623	\$ 8,027
1994 Water Revenue Bonds	230,547	-	9,817	220,730	10,308
1999 Water Revenue Bonds	148,116	-	4,338	143,778	4,549
2000 Water Revenue Bonds	208,061	-	5,904	202,157	6,175
2013 Water Revenue Bonds	2,510,852	-	38,712	2,472,140	40,037
2016 Water Revenue Bonds	2,192,195	-	37,546	2,154,649	38,399
Total Long-Term Debt	\$ <u>5,388,940</u>	\$ <u>-</u>	\$ <u>103,863</u>	\$ <u>5,285,077</u>	\$ <u>107,495</u>

Bonds payable balances as of December 31, 2019 are as follows:

	<u>Bonds Payable End of Year</u>	<u>Due Within One Year</u>
Revenue Bond \$ 198,000		
Water System- RUS Bonds 91-03 sold to Rural Utility Service		
Dated 9/12/1988 due in annual installments of principal and interest of		
\$ 13,868 through 1/26/2028 interest at 6.375%	\$ 91,623	\$ 8,027
Revenue Bond \$ 360,000		
Water System- RUS Bonds 91-05 sold to Rural Utility Service		
Dated 5/26/1994 due in annual installments of principal and interest of		
\$ 21,344 through 1/26/2034 interest at 5.0%	220,730	10,308
Revenue Bond \$ 200,000		
Water System- RUS Bonds 91-07 sold to Rural Utility Service		
Dated 8/26/1999 due in monthly installments of principal and interest of		
\$ 940 through 8/26/2039 interest at 4.75%	143,778	4,549
Revenue Bond \$ 278,000		
Water System- RUS Bonds 91-09 sold to Rural Utility Service		
Dated 7/1/2000 due in monthly installments of principal and interest of		
\$ 1,262 through 7/26/2040 interest at 4.5%	202,157	6,175
Revenue Bond \$ 2,659,000		
Water Revenue Bonds Series 2013 sold to Rural Utility Service		
Dated 2/19/2014 due in monthly installments of principal and interest of		
\$ 10,238 through 1/26/2054 interest at 3.375%	2,472,140	40,037
Revenue Bond \$ 2,238,000		
Water Revenue Bonds Series 2016 sold to Rural Utility Service		
Dated 9/20/2016 due in monthly installments of principal and interest of		
\$ 7,207 through 9/20/2056 interest at 2.25%	2,154,649	38,399
	<u>\$ 5,285,077</u>	<u>\$ 107,495</u>

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

The annual requirements to amortize all debt outstanding as of December 31, 2019, including interest payments of \$2,994,092 are as follows:

Year Ending 12/31/19	1987 Water Revenue Bonds			1994 Water Revenue Bonds			1999 Water Revenue Bonds			2000 Water Revenue Bonds		
	\$198,000			\$360,000			\$200,000			\$278,000		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 8,027	\$ 5,841	\$ 13,868	\$ 10,308	\$ 11,037	\$ 21,344	\$ 4,549	\$ 6,731	\$ 11,280	\$ 6,175	\$ 8,971	\$ 15,145
2021	8,539	5,329	13,868	10,823	10,521	21,344	4,770	6,510	11,280	6,458	8,687	15,145
2022	9,083	4,785	13,868	11,364	9,980	21,344	5,001	6,279	11,280	6,755	8,390	15,145
2023	9,662	4,206	13,868	11,933	9,412	21,344	5,244	6,036	11,280	7,065	8,080	15,145
2024	10,278	3,590	13,868	12,529	8,815	21,344	5,498	5,782	11,280	7,390	7,756	15,146
2025 to 2029	46,033	7,377	53,410	72,694	34,028	106,722	31,765	24,635	56,400	42,365	33,362	75,727
2030 to 2034	-	-	-	91,078	13,945	105,023	40,262	16,138	56,400	53,032	22,695	75,727
2035 to 2039	-	-	-	-	-	-	46,689	5,401	52,090	66,385	9,342	75,727
2040 to 2044	-	-	-	-	-	-	-	-	-	6,531	78	6,609
2045 to 2049	-	-	-	-	-	-	-	-	-	-	-	-
2050 to 2054	-	-	-	-	-	-	-	-	-	-	-	-
2055 to 2056	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 91,622</u>	<u>\$ 31,128</u>	<u>\$ 122,750</u>	<u>\$ 220,729</u>	<u>\$ 97,737</u>	<u>\$ 318,467</u>	<u>\$ 143,777</u>	<u>\$ 77,513</u>	<u>\$ 221,290</u>	<u>\$ 202,156</u>	<u>\$ 107,361</u>	<u>\$ 309,518</u>

Year Ending 12/31/19	2013 Water Revenue Bonds			2016 Water Revenue Bonds			Total		
	\$2,659,000			\$2,238,000					
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 40,037	\$ 82,819	\$ 122,856	\$ 38,399	\$ 48,085	\$ 86,484	\$ 107,494	\$ 163,484	\$ 270,978
2021	41,409	81,447	122,856	39,272	47,212	86,484	111,271	159,707	270,978
2022	42,828	80,028	122,856	40,164	46,320	86,484	115,197	155,781	270,978
2023	44,297	78,559	122,856	41,078	45,406	86,484	119,278	151,700	270,978
2024	45,815	77,041	122,856	42,011	44,473	86,484	123,521	147,457	270,978
2025 to 2029	253,735	360,545	614,280	224,825	207,595	432,420	671,417	667,542	1,338,959
2030 to 2034	300,306	313,974	614,280	251,569	180,852	432,421	736,247	547,604	1,283,851
2035 to 2039	355,426	258,854	614,280	281,494	150,926	432,420	749,994	424,523	1,174,517
2040 to 2044	420,662	193,618	614,280	314,979	117,441	432,420	742,172	311,137	1,053,309
2045 to 2049	497,872	116,408	614,280	352,447	79,973	432,420	850,319	196,381	1,046,700
2050 to 2054	429,756	28,206	457,962	394,372	38,048	432,420	824,128	66,254	890,382
2055 to 2056	-	-	-	134,040	2,522	136,562	134,040	2,522	136,562
	<u>\$ 2,472,143</u>	<u>\$ 1,671,499</u>	<u>\$ 4,143,642</u>	<u>\$ 2,154,649</u>	<u>\$ 1,008,854</u>	<u>\$ 3,163,503</u>	<u>\$ 5,285,077</u>	<u>\$ 2,994,092</u>	<u>\$ 8,279,169</u>

9. Flow of Funds, Restrictions on Use

Under the terms of the bond issued on September 20, 2016, related to the permanent financing of the Phase V North project, the bonds are payable as to principal and interest solely from the income and revenues derived from the operations of the water system of the District after provisions have been made for the payment of reasonable and necessary expenses of administering, operating, and maintaining of the system. Total interest expense from all water revenue bonds equaled \$166,096 for the year ending December 31, 2019. The gross water revenue recognized during the current period was \$893,626. Bond covenants related to all parity bonds, including the 2001 Water Revenue Refunding Bonds and all issues of the United States Department of Agriculture (USDA)-Rural Utility Service (RUS), and requirements for

Waterworks District No. 2 of St. Helena Parish

Notes to the Financial Statements

As of and for the Years Ended December 31, 2019 and 2018

maintaining a Bond Sinking Fund, a Debt Service Reserve Fund, and a Short-Lived Assets Fund are described below.

- **Bond Sinking Fund**

- a. There shall be established a "Water System Revenue Bond and Sinking Fund" - sufficient in amount to pay the principal and interest on outstanding revenue bonds as they become due and payable. Payments are to be made from the Operating Fund (Revenue Fund) of the District, to the "Revenue Sinking Fund" by the 20th of each month, in an amount equal to 1/12 of the interest and principal falling due on the next bond payment date. Monies in the "Revenue Sinking Fund" are deposited as Trust Funds, and are exclusively pledged for the purpose of paying principal and interest on the Revenue Bonds.
- b. The District made all of the required deposits for the RUS Bonds and for the 2001 Water Revenue Refunding Bonds, issued in parity with the RUS Bonds, maintaining a total of \$278,359 at December 31, 2019.

Debt Service Reserve Fund

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

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

In order to maintain consistency with funding requirements, the District continues to deposit the total 10% requirement for the debt service fund as required for the Phase V South and Phase V North issues, but splits the amount as 5% to the "Utility System Revenue Bond Reserve Fund" and 5% to the "Depreciation and Contingency Fund." Combined payment requirements for the RUS bond issues and the 2001 Water Revenue Refunding Bonds, at 5% of loan amounts, was \$1,129 per month for 2019, per USDA requirement.

- e. The twelve required monthly payments to the "Revenue Bond Reserve Fund" were made for the year 2019 with a balance maintained of \$186,450 at December 31, 2019, as compared to a balance of \$168,709 at December 31, 2018.
- f. The twelve required monthly payments to the "Depreciation & Contingency Fund" were made for the year 2019. The balance in the "Depreciation and Contingency Fund" at December 31, 2019 was \$110,324, as compared to \$94,361 at December 31, 2018.
- g. All the revenues received in any year and not required to be paid in such year into any of the noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

Short-Lived Assets Fund

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

10. Restricted Net Position

At December 31, 2019, Waterworks District No. 2 of St. Helena Parish recorded \$843,214 in Restricted Net Position, \$70,418 was for an accrued leave cash account, the remainder of \$772,796 was Restricted for other capital activity and debt service. This represents the District's funds restricted by revenue bond debt covenants, contracts with customers for meter deposits, legal obligations of the District to fund accounts, and the unspent portion of capital debt related to amounts restricted for capital projects less liabilities related to these restricted funds. A liability relates to restricted assets if the asset results from incurring the liability or if the liability will be liquidated with the restricted assets.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

11. Litigation and Claims

There is no pending litigation as of December 31, 2019.

12. Deferred Compensation Plan

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

As reported by the State of Louisiana Deferred Compensation Program, for the fiscal year ending December 31, 2019, the aggregate account balance of employees of St. Helena Waterworks District No. 2 participating in the plan was \$346,726 for the fiscal year ending December 31, 2019, as compared to \$350,480 for the fiscal year ending December 31, 2018. Employer contributions for the fiscal year ending December 31, 2019 totaled \$16,897, as compared to \$17,631 for the fiscal year ended December 31, 2018.

13. Other Commitments

The District has entered into a contract related to the Hwy 10 Water Tank Repainting project. As of December 31, 2019, the District had remaining costs in the contract with PEC for engineering. The District has incurred \$9,969 in costs leaving a remaining \$4,272 in the contract. Construction is estimated at \$120,000; however, this has not been bid or awarded as of December 31, 2019.

The District entered into a contract related to the CWEF 2019 project. As of December 31, 2019, the District had remaining costs in the contract with PEC for engineering. The District has incurred \$7,232 in costs leaving a remaining \$3,215 in the contract. Construction is estimated at \$75,000; however, this has not been bid or awarded as of December 31, 2019.

The District has entered into a contract related to the abandonment of three water wells. As of December 31, 2019, the District had remaining costs in the contract with PEC for engineering. The District has incurred \$5,257 in costs leaving a remaining \$1,314 in the contract. On November 14, 2019, the District accepted a quote from Griner Drilling for the abandonment of the wells in the amount of \$48,110. No work had been started or completed as of December 31, 2019.

Waterworks District No. 2 of St. Helena Parish
Notes to the Financial Statements
As of and for the Years Ended December 31, 2019 and 2018

14. Subsequent Events

Subsequent events have been evaluated by management through June 05, 2020 the date the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2019.

Required Supplementary Information

Part II

Waterworks District No. 2 of St. Helena Parish
Schedule of Revenues, Expenses, and Changes in Net Position-Budget (GAPP Basis) and Actual
For the Year Ended December 31, 2019

	2019 Budget	2019 Actual	Variance Favorable (Unfavorable)	2018 Actual
Operating Revenues				
Water Sales	\$ 915,000	\$ 893,626	\$ (21,374)	\$ 933,194
Other Water Sales	500	-	(500)	-
Service and Connection Fees	63,000	69,390	6,390	53,395
Late Payment Penalties	37,200	37,461	261	38,414
Other	1,550	30,979	29,429	30,559
Total Operating Revenues	<u>1,017,250</u>	<u>1,031,456</u>	<u>14,206</u>	<u>1,055,562</u>
Operating Expenses				
Advertising	6,000	417	5,583	1,043
Bad Debts	10,000	8,738	1,262	9,568
Postage	9,000	9,140	(140)	9,004
Chemicals/Treatment	22,000	20,295	1,705	18,114
Deferred Compensation	17,100	16,897	203	17,631
Depreciation	360,000	386,207	(26,207)	318,031
Director's Expense	3,600	3,600	-	3,360
Educational Expense	500	350	150	384
Fuel	2,250	1,223	1,027	2,291
Insurance	47,000	44,372	2,628	45,801
Meter Installations	32,000	27,700	4,300	16,673
Other	2,004	29,954	(27,950)	30,174
Payroll Taxes	22,800	22,180	620	23,081
Professional Fees:				
Accounting	15,000	13,130	1,870	14,300
Auditing	12,000	12,000	-	13,000
Legal Fees	1,000	-	1,000	-
Engineering Fees	3,000	-	3,000	1,684
Repairs and Maintenance	75,000	75,028	(28)	64,881
Salaries and Wages	285,000	284,728	272	298,519
Software - Maintenance Costs	2,000	1,980	20	1,980
Supplies - Office	7,000	6,493	507	5,812
Supplies - Water System	32,000	32,880	(880)	31,420
Telephone	7,000	6,370	630	6,460
Travel	500	-	500	461
Utilities	68,500	65,434	3,066	69,896
Vehicle Expenses	27,500	25,407	2,093	23,697
Total Operating Expenses	<u>1,069,754</u>	<u>1,094,523</u>	<u>(24,769)</u>	<u>1,027,265</u>
Operating Income (Loss)	<u>(52,504)</u>	<u>(63,067)</u>	<u>(10,563)</u>	<u>28,297</u>

(Continued)

See Independent Auditor's Report

Waterworks District No. 2 of St. Helena Parish
Schedule of Revenues, Expenses, and Changes in Net Position-Budget (GAPP Basis) and Actual
For the Year Ended December 31, 2019

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2018 Actual</u>
Nonoperating Revenues (Expenses)				
Interest Income	30,000	36,054	6,054	35,912
Interest Expense	(168,000)	(166,096)	1,904	(125,904)
Bad Debt Recovery	5,000	5,571	571	1,614
Abandoned Wells Cost	-	(5,257)	(5,257)	-
Other Income	6,900	14,636	7,736	7,151
Total Nonoperating Revenues (Expenses)	<u>(126,100)</u>	<u>(115,092)</u>	<u>11,008</u>	<u>(81,227)</u>
Income (Loss) Before Contributions and Transfers	<u>(178,604)</u>	<u>(178,159)</u>	<u>445</u>	<u>(52,930)</u>
Contributions				
Capital Contributions	-	26,700	26,700	925,400
Special Item				
Impairment on Abandoned Water Wells	<u>-</u>	<u>(43,849)</u>	<u>(43,849)</u>	<u>-</u>
Change in Net Position	<u>(178,604)</u>	<u>(195,308)</u>	<u>(16,704)</u>	<u>872,470</u>
Total Net Position, Beginning	<u>6,376,760</u>	<u>6,376,760</u>	<u>-</u>	<u>5,504,290</u>
Total Net Position, Ending	<u>\$ 6,198,156</u>	<u>\$ 6,181,452</u>	<u>\$ (16,704)</u>	<u>\$ 6,376,760</u>

(Concluded)

See Independent Auditor's Report.

OTHER SUPPLEMENTAL INFORMATION

Schedule 2

Waterworks District No. 2 of St. Helena Parish
Schedule of Insurance
For the year ended December 31, 2019

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>
Allied World Speciality Insurance Company- Policy # 5105-2219	Commercial General Liability:		1/22/2019 to 1/22/2020
	Aggregate Policy Limit	\$ 3,000,000	
	Per Occurance	1,000,000	
	Personal Injury and Advertising Injury	1,000,000	
	Damage to Rented Property	100,000	
	Commercial Auto Liability:		1/22/2019 to 1/22/2020
	Bodily Injury and Property Damage	1,000,000	
	Professional Liability:		1/22/2019 to 1/22/2020
	Per Claim	1,000,000	
	Aggregate	3,000,000	
	Wrongful Acts:		1/22/2019 to 1/22/2020
	Per Claim	1,000,000	
	Aggregate	3,000,000	
	Employment Practices Liability:		1/22/2019 to 1/22/2020
	Per Claim	1,000,000	
	Aggregate	3,000,000	
	Crime Coverage :		1/22/2019 to 1/22/2020
	Employee Dishonesty Coverage	250,000	
	Forgery or Alteration Coverage	250,000	
	Theft - Inside and Outside	250,000	
	Computer Fraud Coverage	100,000	
	Property/Inland Marine Coverage - per Filed Statement of Values	Scheduled	1/22/2019 to 1/22/2020
	Excess Commercial Liability:		1/22/2019 to 1/22/2020
	Per Claim	1,000,000	
	Aggregate	1,000,000	
	Business Auto Coverage - Combined Single Limit Liability:	1,000,000	1/22/2019 to 1/22/2020
	Uninsured Motorists Coverage	1,000,000	
	Comprehensive and Collision Coverage, as Scheduled	Scheduled	
Louisiana Workers' Compensation 17223-S	Workmen's Compensation at statutory limits		4/17/2019 to 4/17/2020
	Employer's Liability	1,000,000	

See Independent Auditor's Report.

Schedule 3

Waterworks District No. 2 of St. Helena Parish
Schedule of Compensation Paid to Board of Commissioners
For the year ended December 31, 2019

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expiration</u>
Wilbert Knox, President (225) 222-4401	11491 Hwy 38 Greensburg, LA 70441	\$ 840	7/26/24
Lea Vern Sims, Vice President (225) 222-4367	1595 Pumping Station Rd Greensburg, LA 70441	660	7/26/23
Lee Warner, Secretary-Treasurer (985) 974-3101	1001 Hwy 441 Holden, LA 70744	600	7/26/21
Terry Addison, Board Member (225) 278-2947	P.O. Box 52 Greensburg, LA 70441	840	7/26/20
James Baker, Board Member (985) 974-3101	936 McDaniel Rd Amite, LA 70422	660	7/26/22
		<u>\$ 3,600</u>	

See Independent Auditor's Report.

Schedule 4

Waterworks District No. 2 of St. Helena Parish
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency
Head
For the year ended December 31, 2019

Agency Head Name: Wilbert Knox, President

<u>Purpose</u>	<u>Compensation Received</u>
Per Diem - Board Member	\$ 840

See Independent Auditor's Report.

Schedule 5

Waterworks District No. 2 of St. Helena Parish
Schedule of Water Rates
For the year ended December 31, 2019

Water	
Residential Rates	Commercial Rates
\$ 15.00 - First 2,000 Gallons	\$ 33.00 - First 8,000 Gallons
3.00 - Per 1,000 Gallons of Water over 2,000 Gallons	\$ 3.00 - Per 1,000 Gallons of Water over 10,000 Gallons

Waterworks District No. 2 of St. Helena Parish
Schedule of Water Customers
For the year ended December 31, 2019

	December 31, 2019	December 31, 2018	Increase (Decrease)
Customers			
Residential	2,532	2,480	52
Commercial and Dairy	71	70	1
Total Customers	<u>2,603</u>	<u>2,550</u>	<u>53</u>
Number of customers having a meter size larger than the residential size (3/4")			<u>56</u>

See Independent Auditor's Report.

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

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

ANTHONY B. BAGLIO, CPA
PRESIDENT

MEMBER

American Institute of Certified Public Accountants

Society of Louisiana Certified Public Accountants



ANTHONY B. BAGLIO, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

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Hammond, La 70403

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Slidell - (985) 641-0630
www.baglio-cpa.com

June 05, 2020

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-typed activities of Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana, a component unit of the St. Helena Parish Police Jury, as of and for the years ended December 31, 2019 and 2018 and the related notes to the financial statements, which collectively comprise Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana's basic financial statements, and have issued my report thereon dated June 05, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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



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

June 05, 2020

**SCHEDULE OF CURRENT YEAR AUDIT
FINDINGS**

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

**SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
As of and for the Year Ended December 31, 2019**

SECTION 1 – SUMMARY OF AUDITOR'S RESULTS

I have audited the financial statements of Waterworks District No. 2 of St. Helena Parish, Greensburg, Louisiana as of and for the year ended December 31, 2019 and have issued my report thereon dated June 05, 2020. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States. My audit of the financial statements as of December 31, 2019 resulted in an unqualified opinion.

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material weaknesses identified. ☐ Yes ☒ No

Significant deficiencies identified not
Considered to be material weaknesses? ☐ Yes ☒ No

Compliance

Noncompliance material to financial
statements noted? ☐ Yes ☒ No