

WATERWORKS DISTRICT NO. 2
OF THE PARISH OF BEAUREGARD
BEAUREGARD PARISH POLICE JURY
STATE OF LOUISIANA

ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2020

Table of Contents

	Statement	Page(s)
INDEPENDENT AUDITOR’S REPORT	-	1-2
BASIC FINANCIAL STATEMENTS:		
Statement of Net Position	A	4
Statement of Activities	B	5
Statement of Net Position – Proprietary Fund	C	6
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	D	7
Statement of Cash Flows – Proprietary Fund	E	8-9
Notes to the Financial Statements	-	11-18
	Schedule	Page(s)
Other Supplemental Schedules		
Schedule of Per Diem Paid to Board Members	1	20
Schedule of Compensation, Benefits and Other Payments to Agency Head	2	21
Other Reports		
Schedule of Prior Year Audit Findings	3	23
Schedule of Current Year Audit Findings and Management’s Response	4	24
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 <i>Government Auditing Standards</i>	-	25-26

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners
Waterworks District No. 2 of the Parish of Beauregard
State of Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the major fund of Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana's, basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 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 and the major fund of Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana as of December 31, 2020, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana's basic financial statements. The schedule of per diem paid to board members and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of per diem paid to board members and schedule of compensation, benefits and other payments to agency head are the responsibility of management and were 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 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 per diem paid to board members and schedule of compensation, benefits and other payments to agency head are fairly stated in all materials respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2021, on our consideration of Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana
May 20, 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position
For the Year Ending December 31, 2020

	Business-type Activities - Enterprise Fund <u>Water and Sewer</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 2,012,264
Receivables:	
Accounts	64,807
Ad valorem taxes	731,103
Intergovernmental:	
Local grant receivable	19,239
State loan receivable	9,084
Total current assets	<u>\$ 2,836,497</u>
Noncurrent Assets	
Land	\$ 124,673
Work in progress	213,792
Utility plant and equipment - net	4,281,461
Total noncurrent assets	<u>\$ 4,619,926</u>
Total assets	<u><u>\$ 7,456,423</u></u>
Liabilities	
Accounts payable	\$ 70,832
Contracts payable	12,213
Payroll benefits payable	5,307
Pension payable - ad valorem tax	24,866
Long term debt:	
Due within one year	-
Due in more than one year	171,427
Customer deposits	9,750
Total liabilities	<u>\$ 294,395</u>
Net Position	
Net investment in capital assets	\$ 4,607,713
Unrestricted	2,554,315
Total net position	<u>\$ 7,162,028</u>
Total liabilities and net position	<u><u>\$ 7,456,423</u></u>

The accompanying notes are an integral part of this statement.

Waterworks District No. 2 of the Parish of Beauregard
State of Louisiana

Statement B

Statement of Activities
For the Year Ending December 31, 2020

Program Activities	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Business-type Activities
		Charges for Services	Capital Grants and Contributions	
Business-type activities:				
Water system	\$ 1,517,108	\$ 811,415	\$ 19,239	\$ (686,454)
General revenues:				
Investment earnings				\$ 12,352
Ad valorem tax receipts				665,761
Insurance proceeds				13,406
Miscellaneous				191
Total general revenues				<u>691,710</u>
Change in net position				5,256
Net position at beginning of year				<u>7,156,772</u>
Net position at end of year				<u><u>\$ 7,162,028</u></u>

The accompanying notes are an integral part of this statement.

Statement of Net Position
Proprietary Fund
For the Year Ending December 31, 2020

	<u>Business-type Activities - Enterprise Fund Water and Sewer</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 2,012,264
Receivables:	
Accounts	64,807
Ad valorem taxes	731,103
Intergovernmental:	
Local grant receivable	19,239
State loan receivable	9,084
Total current assets	<u>\$ 2,836,497</u>
Noncurrent Assets	
Land	\$ 124,673
Work in progress	213,792
Utility plant and equipment - net	4,281,461
Total noncurrent assets	<u>\$ 4,619,926</u>
Total assets	<u><u>\$ 7,456,423</u></u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 70,832
Contracts payable	12,213
Payroll benefits payable	5,307
Pension payable - ad valorem tax	24,866
Total current liabilities	<u>\$ 113,218</u>
Noncurrent Liabilities	
Customer deposits	\$ 9,750
Bonds payable	171,427
Total noncurrent liabilities	<u>\$ 181,177</u>
Total liabilities	<u>\$ 294,395</u>
Net Position	
Net investment in capital assets	\$ 4,607,713
Unrestricted	<u>2,554,315</u>
Total net position	<u>\$ 7,162,028</u>
Total liabilities and net position	<u><u>\$ 7,456,423</u></u>

The accompanying notes are an integral part of this statement.

Waterworks District No. 2 of the Parish of Beauregard
State of Louisiana

Statement D

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ending December 31, 2020

	Business-type Activities - <u>Enterprise Fund</u> Water and Sewer
Operating revenues	
Charges for services	\$ 811,415
Operating expenses	
Personal services and related benefits	\$ 539,393
Supplies	151,134
Contractual services	551,454
Utilities	62,844
Depreciation	186,392
Total operating expenses	<u>\$ 1,491,217</u>
Income (loss) from operations	<u>\$ (679,802)</u>
Nonoperating revenues (expenses)	
Investment income	\$ 12,352
Ad valorem taxes	665,761
Insurance proceeds	13,406
Ad valorem taxes - pension expense	(24,866)
Interest expense	(1,025)
Miscellaneous income	191
Total nonoperating revenue (expenses)	<u>\$ 665,819</u>
Income (loss) before contributions	\$ (13,983)
Capital contributions	<u>19,239</u>
Change in net position	\$ 5,256
Net position at beginning of year	<u>7,156,772</u>
Net position at end of year	<u><u>\$ 7,162,028</u></u>

The accompanying notes are an integral part of this statement.

Waterworks District No. 2 of the Parish of Beauregard
State of Louisiana

Statement E

Statement of Cash Flows
Proprietary Fund
For the Year Ending December 31, 2020

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 795,579
Cash payments to suppliers for goods and services	(723,539)
Cash payments to employees for services	(537,485)
Net cash used by operating activities	<u>\$ (465,445)</u>
Cash flows from capital and related financing activities:	
Interest expense	\$ (1,025)
Acquisition and construction of capital assets	(275,904)
Bond proceeds	162,343
Net cash used for capital and related financing activities	<u>\$ (114,586)</u>
Cash flows from non-capital and related financing activities:	
Ad valorem tax collections	\$ 645,687
Insurance proceeds	13,406
Pension paid on ad valorem taxes	(24,999)
Miscellaneous income	191
Net cash provided by non-capital and related financing activities	<u>\$ 634,285</u>
Cash flow from investing activities:	
Investment income	<u>\$ 12,352</u>
Net increase (decrease) in cash and cash investments	\$ 66,606
Cash and cash equivalents, beginning	<u>1,945,658</u>
Cash and cash equivalents, ending	<u>\$ 2,012,264</u>

(Continued)

The accompanying notes are an integral part of this statement.

Waterworks District No. 2 of the Parish of Beauregard
State of Louisiana

Statement E

Statement of Cash Flows
Proprietary Fund
For the Year Ending December 31, 2020

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Water and Sewer</u>
Reconciliation of loss from operations to net cash used by operating activities:	
Loss from operations	<u>\$ (679,802)</u>
Adjustments to reconcile loss from operations to net cash used by operating activities:	
Depreciation	\$ 186,392
Change in assets and liabilities:	
Increase in accounts receivable	(17,636)
Increase in accounts payable	41,893
Increase in payroll benefits payable	1,908
Increase in customer deposits payable	1,800
Net cash used by operating activities	<u>\$ (465,445)</u>
	(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Waterworks District No. 2 of the Parish of Beauregard
State of Louisiana

Notes to the Financial Statements
As of and for the Year Ending December 31, 2020

INTRODUCTION

Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana was created by the Beauregard Parish Police Jury under Louisiana Revised Statute 33:3811. The purpose of the water district is to provide water service to rural residents of the district. The governing body is composed of five compensated board members appointed by the Beauregard Parish Police Jury.

The District is located in central Beauregard Parish in the southwestern region of the State of Louisiana. The District provides rural water service to approximately 1,600 residents and employs approximately seven employees.

The accounting and reporting policies of Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

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, Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana is considered a component unit of the Beauregard Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Waterworks District No. 2 of the Parish of Beauregard
State of Louisiana

Notes to the Financial Statements (Continued)

Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana reports the following proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Charges for services of providing water services to residents comprise the operating revenue of the district's enterprise fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

C. Cash and Cash Equivalents

The District's cash is considered to be cash on hand, and demand deposits. Cash equivalents include amounts in time deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

D. 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 on the balance sheet because their use is limited by applicable bond covenants. As of December 31, 2020, there were no restricted assets due to the nature of the bond issue.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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 of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred during the current fiscal year was \$-0-. Of this amount none was included as part of the cost of capital assets under construction in connection with the District's construction projects.

Waterworks District No. 2 of the Parish of Beauregard
State of Louisiana

Notes to the Financial Statements (Continued)

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>
Distribution system	40-50 years
Buildings and building improvements	20-40 years
Furniture and fixtures	5-15 years
Machinery and equipment	3-15 years
Vehicles	5 years

F. Compensated Absences

The District has no formal leave policy and does not provide for the accumulation and vesting of leave.

G. Long Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The District had no long term obligations as of December 31, 2020.

H. 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. The District had no extraordinary or special items as of December 31, 2020.

I. Estimates

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

J. Restricted Net Position

For government-wide statements of net position, net position is reported as restricted when constraints placed on net position are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

Waterworks District No. 2 of the Parish of Beauregard
State of Louisiana

Notes to the Financial Statements (Continued)

K. Receivables and Payables

The District levies taxes on real and business personal property located within the boundaries of the district. Property taxes are levied by the district on property values assessed by the Beauregard Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The Beauregard Parish Sheriff and Ex-Officio Tax Collector bills and collects property taxes for the district. Collections are remitted to the district monthly. The District recognizes property tax revenues when levied.

Property Tax Calendar	
Assessment date	January 1, 2020
Levy date	June 30, 2020
Tax bills mailed	October 15, 2020
Total taxes are due	December 31, 2020
Penalties & interest due	January 31, 2021
Lien date	January 31, 2021
Tax sale	May 15, 2021

Property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected and remitted by the local sheriff, if taxes are not paid, a sheriff's sale is held and the property is sold to satisfy the taxes due on that property. Due to this, the majority, if not all property taxes are collected, therefore no allowance account for uncollectibles has been established.

For the year ended December 31, 2020, taxes of 17.45 mills were levied on property with an assessed valuation totaling \$41,896,955 and were dedicated as follows:

	Authorized Millage	Levied Millage	Expiration Date
Taxes due for:			Renewed
General Maintenance	17.45	17.45	Annually

The following are principal taxpayers and related property tax revenue for the District:

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for District
Perdido Energy Louisiana, LLC	Oil & Gas	\$ 3,365,837	8.03%	\$ 58,734
Daylight Petroleum, LLC	Oil & Gas	8,325,915	19.87%	145,287
Texegy Operating Company LLC	Oil & Gas	6,336,369	15.12%	110,570
Energy Transfer Crude Oil Co., LLC	Oil & Gas	4,073,230	9.72%	71,078
Will-Drill Production, Inc.	Oil & Gas	2,104,941	5.02%	36,731
Total		\$ 24,206,292	57.76%	\$ 422,400

2. CASH AND CASH EQUIVALENTS

At December 31, 2020, the District has cash (book balances) totaling \$2,012,264 as follows:

Petty cash	\$	389
NOW accounts		2,011,875
Total	\$	2,012,264

Waterworks District No. 2 of the Parish of Beauregard
State of Louisiana

Notes to the Financial Statements (Continued)

The cash and cash equivalents of the Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the 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 or exceed 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. 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 bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

At December 31, 2020, the District has \$2,046,749 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$1,796,749 of pledged securities held by an unaffiliated bank of the pledgor bank. These deposited pledged securities are deemed by law to be under the control and possession and in the name of the district and are therefore properly collateralized.

3. RECEIVABLES

The receivables of \$824,233 at December 31, 2020, are as follows:

<u>Class of receivable</u>		
Accounts	\$	64,807
Ad valorem taxes		731,103
Grant receivable		19,239
Loan receivable		9,084
Total	\$	<u>824,233</u>

Waterworks District No. 2 of the Parish of Beauregard
State of Louisiana

Notes to the Financial Statements (Continued)

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2020, for the primary government is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 124,673	\$ -	\$ -	\$ 124,673
Work in progress	1,255	212,537	-	213,792
Total capital assets, not being depreciated	<u>\$ 125,928</u>	<u>\$ 212,537</u>	<u>\$ -</u>	<u>\$ 338,465</u>
Capital assets being depreciated				
Vehicles	\$ 165,162	\$ 22,194	\$ -	\$ 187,356
Buildings	747,366	-	-	747,366
Furniture	30,569	-	-	30,569
Utility plant and improvements	6,826,091	-	-	6,826,091
Machinery and equipment	423,637	7,468	-	431,105
Total capital assets being depreciated	<u>\$ 8,192,825</u>	<u>\$ 29,662</u>	<u>\$ -</u>	<u>\$ 8,222,487</u>
Less accumulated depreciation for:				
Vehicles	\$ 91,237	\$ 22,999	\$ -	\$ 114,236
Buildings	49,384	18,849	-	68,233
Furniture	3,499	3,008	-	6,507
Utility plant and improvements	3,286,917	127,153	-	3,414,070
Machinery and equipment	323,597	14,383	-	337,980
Total accumulated depreciation	<u>\$ 3,754,634</u>	<u>\$ 186,392</u>	<u>\$ -</u>	<u>\$ 3,941,026</u>
Total business-type assets being depreciated, net	<u>\$ 4,438,191</u>	<u>\$ (156,730)</u>	<u>\$ -</u>	<u>\$ 4,281,461</u>

5. CONSTRUCTION COMMITMENTS

The District had an active construction project as of December 31, 2020. The District had the following construction project. The District is drilling a new water well at Fields, Louisiana. The District had water line extensions in progress on South Bear Head Road, McGregor Road, Roy Brown Road, Ben Elston Road and Bruce Hyatt Road.

Project	Spent to Date	Remaining Commitment
Fields Water Well Project	\$ 181,953	\$ 678,047
South Bear Head Road Extension	8,838	2,170
McGregor Road Extension	5,624	100
Roy Brown Road Extension	4,961	260
Ben Elston Road Extension	4,349	8,884
Bruce Hyatt Road Extension	8,067	4,280

Waterworks District No. 2 of the Parish of Beauregard
State of Louisiana

Notes to the Financial Statements (Continued)

6. ACCOUNTS AND OTHER PAYABLES

The payables of \$122,968 at December 31, 2020, are as follows:

Accounts	\$	70,832
Contracts		12,213
Payroll taxes		5,307
Pension plan - ad valorem tax		24,866
Customer deposits		9,750
Total	<u>\$</u>	<u>122,968</u>

7. RETIREMENT SYSTEMS

Waterworks District No. 2, Parish of Beauregard 401(a) Defined Contribution Plan.

The plan is a government retirement plan administered by Nationwide Retirement Solutions, Inc. All employees with at least three months of service are eligible to participate in the plan. Participants are fully vested in the plan as to the employer's contributions after three years of service. The plan is funded solely by the employer who will make matching contributions equal to 100% of the participants elective deferrals to the Waterworks District No. 2, Parish of Beauregard 457(b) Deferred Compensation Plan that do not exceed 4% of the participants compensation.

Waterworks District No. 2, Parish of Beauregard 457(b) Deferred Compensation Plan.

The plan is a government retirement plan administered by Nationwide Retirement Solutions, Inc. All employees with at least three months of service are eligible to participate in the plan. Participants are fully vested in the plan as to the employer's contributions after three years of service. The plan is funded solely by the employees who are allowed to make contributions to the plan of up to 4% of their compensation.

8. LONG-TERM DEBT OBLIGATIONS

The following is a summary of the long-term debt obligations transactions for the year ended December 31, 2020.

	<u>Bonded Debt</u>
Long-term obligations at beginning of year	\$ -
Additions	171,427
Principal payments	<u>-</u>
Long-term obligations at end of year	<u>\$ 171,427</u>

Waterworks District No. 2 of the Parish of Beauregard
State of Louisiana

Notes to the Financial Statements (Concluded)

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2020:

	Bonded Debt
Current portion	\$ -
Long-term portion	171,427
Total	\$ 171,427

Bonded debt is comprised of the following issue at December 31, 2020:

Bonded Debt – Governmental Funds:

S2,000,000 Series 2020 Taxable Water Revenue Bonds	
Due in annual installments of \$79,000 to \$123,000,	
July 1, 2022 through July 1, 2041;	
Interest at the rate of 1.95%	\$171,427

The annual requirements to amortize all bonds outstanding at December 31, 2020, for the District is as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2021	\$ -	\$ 39,000	\$ 39,000
2022	79,000	38,359	117,359
2023	81,000	36,802	117,802
2024	83,000	35,206	118,206
2025	85,000	33,571	118,571
2026 - 2030	464,000	141,525	605,525
2031 - 2035	512,000	94,023	606,023
2036 - 2040	573,000	41,423	614,423
2041	123,000	1,399	124,399
Total	\$ 2,000,000	\$ 461,308	\$ 2,461,308

OTHER SUPPLEMENTAL SCHEDULES

Waterworks District No. 2 of the Parish of Beauregard
State of Louisiana

Schedule 1

Schedule of Per Diem Paid to Board Members
For the Year Ending December 31, 2020

The following is a breakdown of commissioner's fees for the year ended December 31, 2020.

<u>Board Member</u>	<u>Amount</u>
Bill White	\$ 1,020
Lisa Gearen	960
Richelle Bowman	1,020
Jerry Cooley	900
Carroll Johnson	840
Total	<u>\$ 4,740</u>

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature and within the provisions of R.S. 33:3819.

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year Ending December 31, 2020

Mr. Jerry Cooley, Board President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 900
Benefits - dental insurance	-
Benefits - retirement	-
Benefits - deferred compensation	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-

OTHER REPORTS

Schedule of Prior Year Audit Findings
For the Year Ending December 31, 2020

Finding – Financial Statement Audit

Audit Finding No. 2019-1

Ethics Requirement Not Met

Condition: Not all of the employees of the District met the one hour requirement training on the Code of Governmental Ethics.

Criteria: As of January 1, 2012 all public employees are required by R.S. 42:1170 to complete one hour per year training on the Code of Governmental Ethics.

Cause and Condition: The board president thought he had completed the course, but according to the Louisiana Ethics Board's website the course has not been completed.

Effect of Condition: Violation of R.S. 42:1170.

Recommendation: We recommend that all employees of the District take the required one hour ethics training each year and that the Clerk monitor the employees' compliance.

Date of Initial Occurrence - December 31, 2019

Corrective Action Taken - Yes

Schedule of Current Year Audit Findings and Management's Response
For the Year Ending December 31, 2020

There were no current year audit findings as of December 31, 2020.

Windham & Reed, L.L.C.

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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

Members of the Board of Commissioners
Waterworks District No. 2 of the Parish of Beauregard
State of 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 and the major fund of Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana's basic financial statements, and have issued our report thereon dated May 20, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Waterworks District No. 2 of the Parish of Beauregard, State of 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Waterworks District No. 2 of the Parish of Beauregard, State of Louisiana'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

