

**TREMONT WATER DISTRICT
Choudrant, Louisiana**

Annual Financial Statements

**As of and for the Year Ended
June 30, 2020**

TREMONT WATER DISTRICT
Choudrant, Louisiana

Annual Financial Statements

As of and for the Year Ended June 30, 2020

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Accountant's Compilation Report

BOARD OF COMMISSIONERS
TREMONT WATER DISTRICT
Choudrant, Louisiana

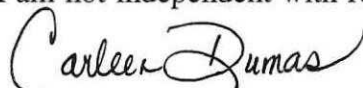
Management is responsible for the accompanying financial statements of the business-type activities of Tremont Water District (the "District"), a component unit of Lincoln Parish Policy Jury, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to agency head and board of commissioners is presented for purpose of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. The information was subject to my compilation engagement, but I have not audited or reviewed the supplementary information, and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context.

I am not independent with respect to Tremont Water District for the year ended June 30, 2020.



Calhoun, Louisiana
April 22, 2021

BASIC FINANCIAL STATEMENTS

TREMONT WATER DISTRICT
Choudrant, Louisiana

STATEMENT OF NET POSITION
June 30, 2020

ASSETS

Current assets:

Cash	\$159,992
Investment - certificate of deposit	12,654
Accounts receivable - water sales	17,312
Total current assets	189,958

Noncurrent assets:

Restricted assets:

Cash - contingency account	8,783
Investment - reserve account	8,000
Property, plant and equipment (net of accumulated depreciation)	36,929
Total noncurrent assets	53,712
Total assets	243,670

LIABILITIES

Current liabilities:

Accounts payable	7,865
Accrued interest payable	265
Refundable customer deposits	15,313
Revenue bonds payable - current	3,522
Total current liabilities	26,965
Long-term liabilities - revenue bonds payable	82,695
Total liabilities	109,660

NET POSITION

Net investment in capital assets (deficit)	(49,288)
Restricted for debt service	16,783
Unrestricted	166,515
Total net position	\$134,010

See accompanying notes and accountant's compilation report.

TREMONT WATER DISTRICT
Choudrant, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended June 30, 2020

OPERATING REVENUE	
Water sales	\$132,388
Meter installations	450
Total operating revenue	<u>132,838</u>
OPERATING EXPENSES	
Office expense	2,080
Advertising	170
Accounting	888
Contract labor	22,870
Materials and supplies	3,762
Water purchase	64,501
Storage rental	1,140
Telephone and utilities	447
Travel	734
Depreciation	14,570
Dues	300
Safe drinking water fee	2,633
Repairs	616
Insurance	100
Miscellaneous	87
Total operating expenses	<u>114,898</u>
OPERATING INCOME	<u>17,940</u>
NON-OPERATING REVENUE (Expenses)	
Interest earned on deposits	355
Interest expense	<u>(4,205)</u>
Total non-operating revenue (expenses)	<u>(3,850)</u>
CHANGE IN NET POSITION	14,090
NET POSITION - BEGINNING	<u>119,920</u>
NET POSITION - ENDING	<u><u>\$134,010</u></u>

See accompanying notes and accountant's compilation report.

TREMONT WATER DISTRICT
Choudrant, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$136,904
Customer deposit receipts, net	1,841
Payments to suppliers	<u>(101,424)</u>
Net cash provided by operating activities	<u>37,321</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on capital debt	(3,371)
Interest paid on capital debt	<u>(4,222)</u>
Net cash used by capital and related financing activities	<u>(7,593)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings on bank deposits	355
Increase in investments	(236)
Increase in restricted cash	<u>(389)</u>
Net cash used by investing activities	<u>(270)</u>

NET INCREASE IN CASH 29,458

CASH AT BEGINNING OF YEAR 130,534

CASH AT END OF YEAR \$159,992

Reconciliation of Operating Income to Net Cash**Provided by Operating Activities**

Operating Income	<u>\$17,940</u>
Adjustments:	
Depreciation	14,570
Decrease in accounts receivable	4,066
Decrease in accounts payable	(1,096)
Increase in refundable customer deposits	<u>1,841</u>
Total adjustments	<u>19,381</u>
Net cash provided by operating activities	<u>\$37,321</u>

See accountant's compilation report and accompanying notes.

TREMONT WATER DISTRICT
Choudrant, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

INTRODUCTION

Tremont Water District was created by the Lincoln Parish Police Jury on October 8, 1991, as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the District. The District was altered and enlarged by the Lincoln Parish Police Jury on August 22, 1995. All existing water distribution lines in the service area were abandoned and efforts to officially organize the Tremont Waterworks District were begun in April 1996. On August 5, 1997 the construction of the system was substantially completed and the system began providing water service to residents in the District. The District is governed by a five member board appointed by the police jury to serve indefinite terms of office. The District has no employees and serves approximately 170 customers.

GASB Statement No. 14, *The Financial Reporting Entity* and No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of these Statements, the Tremont Water District is considered a component unit of the Lincoln Parish Police Jury. As a component unit, the accompanying financial statements maybe included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

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

- (1) Management's discussion and analysis (MD&A)
- (2) Statement of net position
- (3) Statement of revenues, expenses, and changes in net position
- (4) Statement of cash flows
- (5) Notes to the financial statements
- (6) RSI other than MD&A, if applicable

See accountant's compilation report.

TREMONT WATER DISTRICT
Notes to the Financial Statements

The Tremont Water District is a special-purpose government engaged only in business-type activities.

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

Enterprise fund financial statements are reported using the economic resources measurement and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the Tremont Water District are water sales revenues, membership, and installation fees. Operating expenses funds include the costs of the services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Deposits and Investments

Cash includes amounts in interest-bearing demand deposits. State law limits the District's credit risk by restricting the District's investments to collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At June 30, 2020, the District's investments consist of nonnegotiable certificates of deposit with original maturities that exceed 90 days that are reported in the accompanying financial statements at cost.

D. Accounts Receivable

Amounts due from private individuals, organizations, or other governments for water sales are reported as accounts receivable. Receivables are generally shown net of an allowance for uncollectible accounts. These financial statements contain no provision for uncollectible accounts. The District is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole. Past due accounts are written off when they are considered uncollectible by management.

See accountant's compilation report.

TREMONT WATER DISTRICT
Notes to the Financial Statements

E. Restricted Assets

Certain resources that are set aside in compliance with the revenue bond covenant are classified as restricted assets on the balance sheet because their use is limited. When both restricted and unrestricted resources are available for use, the District's policy is to use unrestricted resources first, then restricted resources as they are needed. Restricted assets are classified as noncurrent if they are for liquidation of long-term debt.

F. Capital Assets

Capital assets, which include the original water system and improvements are reported in the enterprise fund financial statements. All of the District's capital assets are capitalized at historical cost. Donated assets are recorded at the estimated fair market value on date of donation. The Tremont Water District maintains a threshold level of \$500 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 the asset's life are not capitalized.

All capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure - water system	25 years

G. Interest Costs

The following provides disclosure on interest costs for the year ended June 30, 2020:

Total interest cost incurred	\$4,205
Total interest cost capitalized	NONE

H. Estimates

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

See accountant's compilation report.

TREMONT WATER DISTRICT
Notes to the Financial Statements

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At June 30, 2020, the District has cash and investments (book balances) as follows. The deposits are stated at cost, which approximates fair market value:

Interest bearing checking accounts	\$159,992
Interest bearing savings account	8,783
Investments - certificates of deposit	<u>20,654</u>
Total	<u>\$189,429</u>

Custodial credit risk is limited by the requirement under state law that the District's deposits be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At June 30, 2020, the Tremont Water District has \$190,634 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance.

3. ACCOUNTS RECEIVABLE

At June 30, 2020, the District has net receivables of \$17,312 as follows:

Water sales	\$17,312
Allowance for uncollectible accounts	<u>NONE</u>
Net receivables	<u>\$17,312</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2020, is as follows:

	Balance at July 1, 2019	Increases	Decreases	Balance at June 30, 2020
Capital assets being depreciated:				
Water system	\$364,238			\$364,238
Less accumulated depreciation for:				
Water system	<u>312,739</u>	<u>\$14,570</u>		<u>327,309</u>
Total assets being depreciated, net	<u>\$51,499</u>	<u>(\$14,570)</u>	<u>NONE</u>	<u>\$36,929</u>

See accountant's compilation report.

TREMONT WATER DISTRICT
Notes to the Financial Statements

Depreciation expense of \$14,570 for the year ended June 30, 2020 was reported in the enterprise fund statement of revenues, expenses, and changes in net position.

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions for the year ended June 30, 2020:

	Direct Borrowing - Revenue Bonds Payable
	<u> </u>
Long-term obligations payable at July 1, 2019	\$89,588
Additions	NONE
Reductions	<u>(3,371)</u>
Long-term obligations payable at June 30, 2020	<u><u>\$86,217</u></u>

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term obligations as of June 30, 2020:

	Direct Borrowing - Revenue Bonds Payable
	<u> </u>
Current portion	\$3,522
Long-term portion	<u>82,695</u>
Total	<u><u>\$86,217</u></u>

All debt at June 30, 2020, in the amount of \$86,217 consists of one outstanding issue of long-term revenue bonds dated March 7, 1997, in the amount of \$131,000 to provide financing for the construction of the water system. The loan bears interest at 4.875 percent. The principal and interest is being repaid in monthly installments of \$633. Bond principal and interest payable in the next fiscal year are \$3,522 and \$4,071, respectively. The final payment is due February 20, 2037. The interest to maturity is approximately \$38,279. The District's outstanding revenue bonds from direct borrowings contain provisions that in an event of default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained in the instruments incident to making or insuring the loan, the entire principal amount outstanding and accrued interest may be declared immediately due and payable. The bonds are secured by the pledge of revenues.

See accountant's compilation report.

TREMONT WATER DISTRICT
Notes to the Financial Statements

The bonds are due as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2021	\$3,522	\$4,071	\$7,593
2022	3,697	3,896	7,593
2023	3,882	3,711	7,593
2024	4,075	3,518	7,593
2025	4,279	3,314	7,593
2026-2030	24,813	13,151	37,964
2031-2035	31,647	6,317	37,964
2036-2037	10,302	301	10,603
Total	\$86,217	\$38,279	\$124,496

6. RISK MANAGEMENT

The District purchases commercial insurance to reduce the risk of loss resulting from loss of property. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

7. AGREEMENT WITH THE VILLAGE OF CHOUDRANT

On September 17, 1996, the Tremont Water District entered into a water purchase contract with the Village of Choudrant. The contract provides that the District will purchase treated water from the Village of Choudrant at a cost of \$1 per 1000 gallons of water. The contract is for a period of forty years. The water rate to be paid by the District is subject to modification at the end of each year. During the year ended June 30, 2008, the Village of Choudrant imposed a \$10 per meter fee plus an increase to \$3 per 1000 gallons of water after the first 2000 gallons used. During the year ended June 30, 2020, the District paid the Village of Choudrant \$64,501 for water purchases.

8. SUBSEQUENT EVENTS

Since March 2020, the spread of COVID-19 has severely impacted many local economies. Measures taken to contain the spread of the virus have triggered significant disruptions to businesses. There were no significant adverse effects from COVID-19 on the District's financial position during the year ended June 30, 2020. Although not expected, the District's future cash flows could be affected by an economic slowdown that results from measures taken to contain the spread of the virus. The District has determined that the potential impact of COVID-19 is a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of and for the year ended June 30, 2020, have not been adjusted to reflect this potential impact. The duration and impact of the COVID-19 pandemic remains unclear at this time.

See accountant's compilation report.

TREMONT WATER DISTRICT
Notes to the Financial Statements

The District has evaluated subsequent events through April 22, 2021, the date which the financial statements were available to be issued.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION SCHEDULE

See accountant's compilation report.

TREMONT WATER DISTRICT
Choudrant, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended June 30, 2020

**SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
AND BOARD OF COMMISSIONERS**

The Schedule of Compensation, Benefits and Other Payments to Agency Head and Board of Commissioners is presented in compliance with Louisiana Revised Statute 24:513 A (3) and House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The board of commissioners serve without benefit of compensation.

See accountant's compilation report.

TREMONT WATER DISTRICT
Choudrant, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD AND
BOARD OF COMMISSIONERS

For the Year Ended June 30, 2020

BOARD COMPENSATION

Agency Head - Wayne McNabb - President	NONE
Bill Harper	NONE
Leroy Minnefield	NONE
Hilda Lee	NONE
Jack Walters	<u>NONE</u>
Total	<u><u>NONE</u></u>

See accountant's compilation report.