

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2020

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WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis

Within this section of the West Allen Parish Water District's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2020. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The District's assets exceeded its liabilities by \$3,885,768 (net position) and by \$3,819,066 for 2019.
- Total revenues of \$708,625 were more than total expenditures of \$646,723 which resulted in a current year surplus of \$61,902, compared to a prior year surplus of \$20,740.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$2,832,557 include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the purchase of capital assets.
 - (2) Restricted for debt service of \$436,164.
 - (3) Unrestricted net position of \$617,047.
- At the end of the current fiscal year, unrestricted net position was 95% (70% for the prior year) of total expenditures and 87% (71% for the prior year) of operating revenues.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include the financial statements and notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is presented.

Basic Financial Statements

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position presents the current and long term portions of assets and liabilities separately. Total assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources is net position and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

Financial Analysis of the District as a Whole

The District's net position at fiscal year-end is \$3,885,768. The following table provides a summary of the District's net position:

	<u>2020</u>	<u>2019</u>
Assets:		
Current assets	\$ 1,120,746	\$ 920,164
Capital assets	<u>6,034,692</u>	<u>6,216,238</u>
Total assets	<u>\$ 7,155,438</u>	<u>\$ 7,136,402</u>
 Deferred outflows of resources	 <u>\$ -</u>	 <u>\$ -</u>
Liabilities:		
Current liabilities	\$ 122,073	\$ 115,201
Long-term liabilities	<u>3,147,597</u>	<u>3,202,135</u>
Total liabilities	<u>\$ 3,269,670</u>	<u>\$ 3,317,336</u>
 Deferred inflows of resources	 <u>\$ -</u>	 <u>\$ -</u>
Net position		
Net investment in capital assets	\$ 2,832,557	\$ 2,961,175
Restricted	436,164	390,172
Unrestricted	<u>617,047</u>	<u>467,719</u>
Total net position	<u>\$ 3,885,768</u>	<u>\$ 3,819,066</u>

73% (78% for the prior year) of the District's net position is tied up in capital assets and restricted net position for capital assets. The District uses these capital assets to provide services to its customers.

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

The following table provides a summary of the District's changes in net position:

	<u>2020</u>	<u>2019</u>
Operating Revenues	\$ 672,016	\$ 671,543
Nonoperating Revenues	<u>36,609</u>	<u>4,452</u>
Total Revenues	708,625	675,995
Depreciation Expense	181,546	181,427
Other Operating Expenses	368,249	375,338
Nonoperating Expenses	<u>96,928</u>	<u>98,490</u>
Total Expenses	<u>646,723</u>	<u>655,255</u>
Income (Loss) before Capital Contributions	61,902	20,740
Capital Contributions	<u>4,800</u>	<u>3,600</u>
Change in Net Position	66,702	24,340
Beginning Net Position	<u>3,819,066</u>	<u>3,794,726</u>
Ending Net Position	<u>\$ 3,885,768</u>	<u>\$ 3,819,066</u>

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2020, was \$6,034,692. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

	<u>2020</u>	<u>2019</u>
Nondepreciable assets-land	\$ 24,622	\$ 24,622
Construction in progress	<u>-</u>	<u>-</u>
	24,622	24,622
Depreciable assets:		
Distribution system	7,750,657	7,750,657
Buildings	113,868	113,868
Equipment	<u>311,355</u>	<u>311,355</u>
Total depreciable assets	8,175,880	8,175,880
Less accumulated depreciation	<u>2,165,810</u>	<u>1,984,264</u>
Book value-depreciable assets	<u>\$ 6,010,070</u>	<u>\$ 6,191,616</u>
Percentage depreciated	26%	24%
Book value-all assets	<u>\$ 6,034,692</u>	<u>\$ 6,216,238</u>

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

There were no capital asset additions in the current year.

Long-Term Debt

At the end of the fiscal year, the District had total debt obligations outstanding of \$3,202,135. During the year, the District retired \$52,928 of the outstanding debt balance. See Note D for additional information regarding long-term debt.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District's office, Ms. Amy Materne at (337) 666-2589.



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INDEPENDENT AUDITORS' REPORT

June 25, 2021

Board of Commissioners
West Allen Parish Water District
Reeves, Louisiana

We have audited the accompanying financial statements of the business-type activities of West Allen Parish Water District, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Districts 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 misstatements, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Allen Parish Water District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Chief

Board of Commissioners
West Allen Parish Water District
June 25, 2021
Page Three

Executive Officer is 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*, we have also issued our report dated June 25, 2021 on our consideration of West Allen Parish Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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WEST ALLEN PARISH WATER DISTRICT

Statement of Net Position

December 31, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash	\$ 583,806	\$ 426,009
Receivables		
Accounts	47,041	51,871
Interest	1,745	1,033
Prepaid insurance	3,515	3,594
Restricted assets		
Bond sinking fund		
Cash	117,224	116,915
Bond reserve fund		
Cash	38,188	30,696
Bond short lived assets		
Cash	201,438	170,778
Bond contingency fund		
Cash	79,314	71,783
Interest receivable	-	-
Customer deposits		
Cash	48,475	47,485
Total Current Assets	<u>1,120,746</u>	<u>920,164</u>
Property, plant and equipment, at cost, net of accumulated depreciation \$2,165,810 for 2020	<u>6,034,692</u>	<u>6,216,238</u>
TOTAL ASSETS	<u><u>\$ 7,155,438</u></u>	<u><u>\$ 7,136,402</u></u>
DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

	<u>2020</u>	<u>2019</u>
LIABILITIES		
Current liabilities		
Accounts payable-operations	\$ 21,790	\$ 17,402
Payable from restricted assets		
Current portion of revenue bonds	54,538	52,928
Customer deposits	45,745	44,871
Total Current Liabilities	<u>122,073</u>	<u>115,201</u>
Long-term debt, net of current portion	<u>3,147,597</u>	<u>3,202,135</u>
TOTAL LIABILITIES	<u><u>\$ 3,269,670</u></u>	<u><u>\$ 3,317,336</u></u>
DEFERRED INFLOWS OF RESOURCES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
NET POSITION		
Net investment in capital assets	\$ 2,832,557	\$ 2,961,175
Net position - Restricted for debt service	436,164	390,172
Net position - Unrestricted	617,047	467,719
TOTAL NET POSITION	<u><u>\$ 3,885,768</u></u>	<u><u>\$ 3,819,066</u></u>

WEST ALLEN PARISH WATER DISTRICT

Statement of Revenues, Expenses
and Changes in Net Position

Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for services	\$ 620,504	\$ 613,461
Miscellaneous revenue	51,512	58,082
TOTAL OPERATING REVENUES	<u>672,016</u>	<u>671,543</u>
OPERATING EXPENSES		
Advertising	915	715
Bank charges	652	340
Credit card processing fees	180	159
Depreciation	181,546	181,427
Dues	4,231	2,823
Insurance - general	20,779	16,738
Insurance - health	30,497	27,949
Mileage reimbursements	977	1,230
Miscellaneous	3,494	3,496
Office	12,002	6,370
Per diem	4,560	4,080
Postage	4,708	4,143
Professional fees	9,510	9,640
Salaries	161,460	165,373
Supplies and maintenance	56,872	74,570
Taxes and licenses	12,290	12,921
Telephone	7,402	7,555
Training	685	1,354
Transportation	10,796	10,180
Uniforms	-	-
Utilities	26,239	25,702
TOTAL OPERATING EXPENSES	<u>549,795</u>	<u>556,765</u>
OPERATING INCOME (LOSS)	<u>122,221</u>	<u>114,778</u>
NON-OPERATING REVENUES (EXPENSES)		
Insurance proceeds - hurricane	30,184	-
Interest income	6,425	4,452
Interest expense	(96,928)	(98,490)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(60,319)</u>	<u>(94,038)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	61,902	20,740
CAPITAL CONTRIBUTIONS	<u>4,800</u>	<u>3,600</u>
CHANGE IN NET POSITION	66,702	24,340
NET POSITION - BEGINNING	3,819,066	3,794,726
NET POSITION - ENDING	<u>\$ 3,885,768</u>	<u>\$ 3,819,066</u>

The accompanying notes are an integral part of these financial statements.

WEST ALLEN PARISH WATER DISTRICT

Statement of Cash Flows

Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 676,846	\$ 665,975
Cash payments to suppliers for goods and services	(202,160)	(209,546)
Cash payments to employees for services	(161,460)	(165,373)
NET CASH FROM OPERATING ACTIVITIES	<u>313,226</u>	<u>291,056</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from customers	4,800	3,600
Insurance proceeds - hurricane	30,184	-
Purchase of fixed assets	-	(37,930)
Principal paid on revenue bonds	(52,928)	(51,366)
Interest paid on revenue bonds	(96,928)	(98,460)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(114,872)</u>	<u>(184,156)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	6,425	4,452
Purchase of non-cash equivalents	(115,356)	(78,193)
NET CASH FROM INVESTING ACTIVITIES	<u>(108,931)</u>	<u>(73,741)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	89,423	33,129
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>682,978</u>	<u>649,849</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 772,401</u>	<u>\$ 682,978</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 96,928</u>	<u>\$ 98,490</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO TOTAL CASH:		
Cash and cash equivalents	\$ 772,401	\$ 682,978
Non-cash equivalents	296,044	180,688
Total Cash	<u>\$ 1,068,445</u>	<u>\$ 863,666</u>

The accompanying notes are an integral part of these financial statements.

Continued

WEST ALLEN PARISH WATER DISTRICT

Statement of Cash Flows - Continued

Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 122,221	\$ 114,778
Net cash provided by operating activities		
Depreciation	181,546	181,427
(Increase) decrease in:		
Accounts receivable	4,830	(5,568)
Interest receivable	(712)	(905)
Prepaid insurance	79	(19)
Increase (decrease) in:		
Accounts payable	4,388	(801)
Customer deposits	874	2,144
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 313,226</u>	<u>\$ 291,056</u>

The accompanying notes are an integral part of these financial statements.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Allen Parish Water District was created by the Allen Parish Police Jury under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the rural area of West Allen Parish. The District is governed by a board of commissioners composed of seven members, five appointed by the Allen Parish Police Jury and two appointed by the Village of Reeves, LA.

1. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity for West Allen Parish Water District. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority to the board and has the ability to impose its will, the District was determined to be a component unit of the Allen Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation

The accompanying financial statements of the West Allen Parish Water District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

The financial statements of the District are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred.

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. The operating revenues of the District come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses for enterprise 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.

3. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, 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.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Accounts Receivable

Uncollectible amounts due for accounts receivable are recognized as bad debts using the direct write-off method. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible. This method does not result in a charge to bad debts that are materially different from the amount that would be charged if the reserve method were used.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water user fees. The District's ability to collect the amounts due from the users of the District water system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

5. Capital Assets

All fixed assets are valued at historical cost. 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. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of each class of depreciable property is computed using the straight-line method. Estimated useful lives are as follows:

Distribution system	50 years
Office and shop building	10-15 years
Equipment	5-7 years
Software	3 years

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Compensated Absences

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

- Vacation
- One week after 1 year of service,
 - Two weeks after 2 years of service,
 - Three weeks after 10 years of service,
 - Four weeks after 15 years of service,

- Sick Leave - 10 days per year,
- Maximum of 30 days may be carried over to the next year.

The District's recognition and measurement criterion for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 also provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2020, the District did not have an accrual for compensated absences.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Statement of Cash Flow

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$772,401 which represents unrestricted and restricted amounts of \$287,762 and \$484,639 respectively.

8. Budgets

An enterprise fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget.

Expenditures may not legally exceed budgeted appropriations at the activity level. The budget was amended once during the year.

9. Net Position

In the financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position– All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

10. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. Subsequent Events

Management has evaluated subsequent events through June 25, 2021. In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our citizens, employees and local industries all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

On August 27, 2020 Hurricane Laura made landfall in Southwest Louisiana as a Category 4 hurricane which was followed by Hurricane Delta on October 8, 2020. The full extent of damages to the District's facilities or effects on operations have not been determined.

12. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

NOTE B - CASH DEPOSITS

At December 31, 2020, the District has cash balances (book balances) totaling \$1,068,445. 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

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2020

NOTE B - CASH DEPOSITS - CONTINUED

bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2020, the District has \$1,083,544 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$833,544 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

NOTE C – PROPERTY, PLANT AND EQUIPMENT

A summary of changes in property, plant and equipment for the year ended December 31, 2020 are as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Distribution system	\$ 7,750,657	\$ -	\$ -	\$ 7,750,657
Office and shop building	113,868	-	-	113,868
Equipment	311,355	-	-	311,355
Land	<u>24,622</u>	-	-	<u>24,622</u>
	8,200,502	<u>\$ -</u>	<u>\$ -</u>	8,200,502
Less accumulated depreciation	<u>1,984,264</u>			<u>2,165,810</u>
TOTALS	<u>\$ 6,216,238</u>			<u>\$ 6,034,692</u>

Depreciation expense was \$181,546 for the year ended December 31, 2020.

There were no capital asset additions in the current year.

NOTE D - LONG-TERM DEBT

The following is a summary of bond transactions of the District for the year ended December 31, 2020.

Bonds payable, Beginning	\$ 3,255,063
Bonds issued	-
Bonds retired	<u>(52,928)</u>
Bonds payable, Ending	<u>\$ 3,202,135</u>

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2020

NOTE D - LONG-TERM DEBT - CONTINUED

Bonds payable at December 31, 2020 are comprised of the following individual issues:

Revenue bonds

\$3,440,000 Revenue Bonds Series 2015 with USDA
 Dated March 17, 2015 due in monthly installments of
 \$12,488, maturity date of March 17, 2055,
 Interest at 3.0% \$ 3,202,135

Less currently payable 54,538

LONG-TERM DEBT \$ 3,147,597

The annual requirements to amortize all debts outstanding as of December 31, 2020 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 54,538	\$ 95,318
2022	56,197	93,659
2023	57,906	91,950
2024	59,667	90,189
2025	61,482	88,374
2026-2030	336,624	412,656
2031-2035	391,028	358,252
2036-2040	454,225	295,055
2041-2045	527,635	221,645
2046-2050	612,910	136,370
2051-2055	589,923	38,633

The revenue bonds are to be retired from revenues derived from the operations of the District. As of December 31, 2020 the District has no unused lines of credit nor any assets pledged as collateral. The remedies for significant events of default is all installments to be immediately due and payable. In addition, the district will pay reasonable attorney fees and other such expenses.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2020

NOTE E - COMPONENTS OF RESTRICTED NET POSITION

	<u>Revenue Bond Sinking</u>	<u>Revenue Bond Reserve</u>	<u>Revenue Bond Short Lived Asset</u>	<u>Revenue Bond Contingency</u>	<u>Customer deposit</u>	<u>Total</u>
Cash and interest receivable	<u>\$ 117,224</u>	<u>\$ 38,188</u>	<u>\$ 201,438</u>	<u>\$ 79,314</u>	<u>\$ 48,475</u>	<u>\$484,639</u>

Certain proceeds of 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. The "bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "Bond Reserve" account is used to report resources set aside to meet unexpected shortfalls in the sinking account. The "Bond Short-Lived Asset" account is used to report resources set aside to fund capital outlay replacements. The "Bond Contingency" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

The amount of net position reserved for debt service is detailed as follows:

Restricted assets: revenue bond sinking, reserve, Short-lived asset and contingency funds	\$ 436,164
Less: Accrued interest, payable from restricted assets	<u>-</u>
Net position reserved for debt service	<u>\$ 436,164</u>

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2020

NOTE F - PER DIEM

In accordance with Louisiana Revised Statute 33:3819, per diem is allowed not to exceed \$60 per meeting attended, up to twenty-four regular meetings and twelve special meetings. The Board has approved per diem at \$60.

Per diem paid commissioners for the year ended December 31, 2020 were as follows:

Cowart, Randal	\$ 420
Reeves, Jr. William	780
Ritter, Carl	780
Firth, Chancy	480
Schultz, Kurt	840
Fontenot, Sullivan	480
Willis, Kevin	780
	<u>\$ 4,560</u>

NOTE G - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY
INFORMATION

WEST ALLEN PARISH WATER DISTRICT

Statement of Revenues, Expenses and Changes in
Net Position - Budget and Actual

Year Ended December 31, 2020

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 630,000	\$ 630,000	\$ 620,504	\$ (9,496)
Miscellaneous revenue	60,000	60,000	51,512	(8,488)
TOTAL OPERATING REVENUES	<u>690,000</u>	<u>690,000</u>	<u>672,016</u>	<u>(17,984)</u>
OPERATING EXPENSES				
Advertising	1,000	1,000	915	85
Bank charges	400	1,000	652	348
Credit card processing fees	400	200	180	20
Depreciation	172,000	182,000	181,546	454
Dues	4,500	4,500	4,231	269
Insurance - general	22,000	22,000	20,779	1,221
Insurance - health	30,000	31,000	30,497	503
Mileage reimbursements	1,500	1,200	977	223
Miscellaneous	1,000	1,000	3,494	(2,494)
Office	7,500	7,500	12,002	(4,502)
Per diem	5,000	5,000	4,560	440
Postage	4,500	5,000	4,708	292
Professional fees	11,000	11,000	9,510	1,490
Salaries	175,000	175,000	161,460	13,540
Supplies and maintenance	60,000	60,000	56,872	3,128
Taxes and licenses	14,000	14,000	12,290	1,710
Telephone	8,000	8,000	7,402	598
Training	2,500	2,500	685	1,815
Transportation	12,000	12,000	10,796	1,204
Uniforms	1,000	1,000	-	1,000
Utilities	28,000	28,000	26,239	1,761
TOTAL OPERATING EXPENSES	<u>561,300</u>	<u>572,900</u>	<u>549,795</u>	<u>23,105</u>
OPERATING INCOME (LOSS)	<u>128,700</u>	<u>117,100</u>	<u>122,221</u>	<u>5,121</u>
NON-OPERATING REVENUES (EXPENSES)				
Insurance proceeds - hurricane	-	-	30,184	30,184
Interest income	3,200	4,000	6,425	2,425
Interest expense	(96,928)	(96,928)	(96,928)	-
Capital contributions	-	-	4,800	4,800
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(93,728)</u>	<u>(92,928)</u>	<u>(55,519)</u>	<u>37,409</u>
CHANGE IN NET POSITION	34,972	24,172	66,702	42,530
NET POSITION - BEGINNING	<u>3,819,066</u>	<u>3,819,066</u>	<u>3,819,066</u>	<u>-</u>
NET POSITION - ENDING	<u>\$3,854,038</u>	<u>\$3,843,238</u>	<u>\$3,885,768</u>	<u>\$ 42,530</u>

OTHER INFORMATION

WEST ALLEN PARISH WATER DISTRICT

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year Ended December 31, 2020

Chief Executive Officer: William Reeves, Jr., Board President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	780
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-

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

June 25, 2021

Board of Commissioners
West Allen Parish Water District
Reeves, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities of West Allen Parish Water District as of and for the year ended December 31, 2020, and the related notes to the financial statements which collectively comprise West Allen Parish Water District's basic financial statements, and have issued our report thereon dated June 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Allen Parish Water District'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 West Allen Parish Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Allen Parish Water District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

Board of Commissioners
West Allen Parish Water District
June 25, 2021
Page Two

material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control 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.

Shagson, Casiday, Shillory

