

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Financial Statements
For the Years Ended August 31, 2021 and 2020

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

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INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
West Ouachita Sewerage District No. 5
West Monroe, Louisiana**

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of West Ouachita Sewerage District No. 5 (the District) (a component unit of the Ouachita Parish Police Jury) as of and for the years ended August 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the City'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. 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.

**Board of Commissioners
West Ouachita Sewerage District No. 5
West Monroe, Louisiana**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of August 31, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8, the schedule of changes in total OPEB liability and related ratios on page 33, the schedule of employer's proportionate share of the net pension liability on page 34, the schedule of employer contributions to pension plans on page 35, and the notes to required supplemental information for pensions on page 35, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of changes in restricted assets on page 37, the schedule of per diem paid board of commissioners on page 38, the schedule of compensation, benefits and other payments to agency head or chief executive officer on page 39 and the schedule of insurance coverage on page 40 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of changes in restricted assets, the schedule of per diem paid board of commissioners and the schedule of compensation, benefits and other payments to agency head or chief executive officer 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 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 schedules referred to in the first sentence of this paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of insurance coverage has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

February 28, 2022

REQUIRED SUPPLEMENTARY INFORMATION (PART A)

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
 West Monroe, Louisiana

Management's Discussion and Analysis
 For the Years Ended August 31, 2021 and 2020

As management of West Ouachita Sewerage District No. 5 (A Component Unit of the Ouachita Parish Police Jury) (the District), we offer readers of the District's financial statements this narrative overview and analysis of the District's activities for the years ended August 31, 2021 and 2020. Please read it in conjunction with the District's financial statements.

Required Financial Statements

The Basic Financial Statements of the District report information about the District using the Governmental Accounting Standards Board's (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all of the District's assets and liabilities and provides information about the nature and amount of investments in resources (assets) and the obligations to the District's creditors (liabilities). All of the current year's revenues and expenses are accounted for in the Statement of Revenue, Expenses, and Changes in Net Position. This statement measures the District's operations over the past year and can be used to determine whether the District has been able to recover all of its costs through its customer charges and other revenue sources. The final required statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash from operating, noncapital financing, capital financing, and investing activities and to provide answers to such questions as "Where did cash come from?," "What was cash used for?," and "What was the change in cash balance during the reporting period?"

A summary of the District's Statements of Net Position is presented as follows:

Table 1
Condensed Statements of Net Assets
As of August 31, 2021 and 2020

	2021	2020	% Change
Assets:			
Current and other assets	\$ 13,325,590	\$ 11,551,580	15.4%
Restricted assets	1,132,315	1,154,405	-1.9%
Capital assets, net of depreciation	23,377,037	22,638,704	3.3%
Total assets	37,834,942	35,344,689	7.0%
Net pension asset	89,638	-	-
Deferred outflows of resources	185,893	215,938	-13.9%
Liabilities:			
Current liabilities	626,764	857,872	-26.9%
Current liabilities payable from restricted assets	690,475	672,750	2.6%
Noncurrent liabilities	8,623,063	8,392,144	2.8%
Total liabilities	9,940,302	9,922,766	0.2%
Deferred inflows of resources	227,836	158,517	43.7%
Net Position:			
Net investment in capital assets	14,529,287	13,987,021	3.9%
Restricted for debt service	926,396	954,405	-2.9%
Unrestricted net position	12,486,651	10,537,915	18.5%
Total net position	\$ 27,942,334	\$ 25,479,341	9.7%

The total net position of the District at August 31, 2021 was \$27,942,334. Net position can be separated into three categories: Net investment in capital assets, restricted net position, and unrestricted net position.

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Investment in capital assets represents the District's long-term investment in capital assets, net of accumulated depreciation, and is not available for current operations.

Net investment in capital assets of \$14,529,287 consists of capital assets at original cost of \$43,429,117 less depreciation of \$20,052,080 and related debt of \$8,847,750. Accumulated depreciation of \$20,052,080 is the aggregate depreciation expense since acquisition. Depreciation expense is recorded on the original cost of the asset expensed over the estimated useful life of the asset.

A summary of changes in net position is presented below:

Table 2
Condensed Statements of Revenue, Expenses, and Changes in Net Position
For the Years Ended August 31,

	2021	2020	% Change
Operating income	\$ 6,032,224	\$ 5,919,136	1.9%
Operating expenses	(3,552,351)	(3,249,535)	9.3%
Operating income (loss)	2,479,873	2,669,601	-7.1%
Non-operating income and expense	(16,880)	(126,325)	-86.6%
Increase (decrease) in net position	<u>\$ 2,462,993</u>	<u>\$ 2,543,276</u>	<u>-3.2%</u>

In 2021, the District's expenses increased by \$302,816. This is primarily due to an increase of \$116,017 in bad debt expense, along with increases of \$70,129 in pension & OPEB expense, \$66,980 in professional fees and \$66,059 in treatment plant operations.

Non-operating income and expense increased by \$109,445 primarily due a higher loss on sale of assets in the prior year (\$125,518).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2021 and 2020, the District had \$43,429,117 and \$42,188,908, respectively, invested in capital assets including buildings and improvements, furniture and fixtures, equipment, vehicles, infrastructure, and land, less accumulated depreciation of \$20,052,080 and \$19,550,204, respectively (See table below).

Table 3
West Ouachita Sewer District No. 5's Capital Assets

	August 31,	
	2021	2020
Building and improvements	\$ 421,136	\$ 416,636
Furniture and fixtures	10,858	10,858
Equipment	579,215	578,707
Vehicles	345,357	366,916
Infrastructure	41,469,746	28,213,257
Construction in progress	104,027	12,103,756
Land	498,778	498,778
Total	<u>43,429,117</u>	<u>42,188,908</u>
Accumulated depreciation	(20,052,080)	(19,550,204)
Net capital assets	<u>\$ 23,377,037</u>	<u>\$ 22,638,704</u>

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Major capital asset events during the year included the following:

Completed the relocation and adjustment of sewer collection lines and force mains along Arkansas Road (LA 616) at a total cost of \$2,266,865

Completed Steep Bayou - Phase I and Phase II at a total cost of \$9,565,653

Completed the construction of 20" diameter PVC C-900 force main from Lift Station "S-1" to the Ouachita River Flood Protection Levee at a total cost of \$1,102,092

Completed the construction of new 24" C-900 PVC force main to replace an 18" existing segment of ductile iron force main from Lift Station "Y" on Linwell Street at a total cost of \$696,134.

Debt

As of August 31, 2021 and 2020, the District's outstanding debt of \$9,016,425 and \$8,898,644, respectively, consisted of the following:

Table 4
West Ouachita Sewer District No. 5's Outstanding Debt

	August 31,	
	2021	2020
Bonds payable	\$ 8,489,750	\$ 8,232,183
Due to other governments	358,000	419,500
OPEB liability	258,313	244,611
Pension (asset) liability	(89,638)	2,350
	\$ 9,016,425	\$ 8,898,644

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District contracts with Greater Ouachita Water Company (GOWC) to bill and collect monthly sewer fees.

Monthly revenues collected by the District are used for operation and maintenance activities as well as the elimination of package sewer treatment plants within the District and to increase the capacity of the District's sewer collection and transport system to deliver domestic wastewater to the West Monroe Regional Wastewater Treatment Facility and the Sparta Recovery Treatment Facility.

To date the District has replaced five package sewer treatment plants and one oxidation lagoon treatment facility. The District has two package sewer treatment plants remaining within the current boundaries of WOSD No. 5 and is actively working on plans to replace these remaining package sewer treatment plants with upgraded facilities.

Ongoing and upcoming major improvement projects include:

Lift station "N" force main from New Natchitoches Road to Edwards Road, with an estimated time period of April 2022 through April 2024 and an estimated cost of \$850,000.

Dauphine Drive gravity sewer line rehabilitation, with an estimated time period of April 2022 through April 2023 and an estimated cost of \$300,000.

Steep Bayou - Phase III with an estimated completion date of June 2023 and an estimated total cost of \$3,926,667, of which \$981,667 is estimated to be funded through the District's local match.

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WOSD #5 Water Sector Commission Funds, with an estimated time period of February 2022 through October 2023 and an estimated total cost of \$6,339,000, of which \$1,629,750 is estimated to be the District's share of the cost.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, contact Ricky McMullen, District Manager of the West Ouachita Sewerage District No. 5, 327 Wallace Road, West Monroe, Louisiana.

BASIC FINANCIAL STATEMENTS

WEST OUACHITA SEWERAGE DISTRICT NO. 5

West Monroe, Louisiana

Statements of Net Position

For the Years Ended

	<u>August 31,</u>	
	<u>2021</u>	<u>2020 (restated)</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11,502,679	\$ 9,642,749
Accounts receivable - customers, net of allowance for bad debts	607,420	705,078
Due from third party collector	518,493	513,893
Due from other governments (restated)	561,969	561,969
Inventory	135,029	117,474
Prepaid insurance	-	10,417
Total current assets	<u>13,325,590</u>	<u>11,551,580</u>
Noncurrent assets		
Restricted assets		
Cash and cash equivalents - customer deposits	189,499	189,310
Cash and cash equivalents - debt service	942,816	965,095
Total restricted assets	<u>1,132,315</u>	<u>1,154,405</u>
Capital assets		
Buildings and improvements	421,136	416,636
Furniture and fixtures	10,858	10,858
Equipment	579,215	578,707
Vehicles	345,357	366,916
Lines, mains and manholes	33,227,137	19,963,138
Lift station - pumps	2,046,719	2,046,719
Lift station - structures	2,487,680	2,443,763
Treatment plant	2,343,267	2,394,694
Treatment plant - Sparta water reuse project	1,364,943	1,364,943
Total	<u>42,826,312</u>	<u>29,586,374</u>
Less: Accumulated depreciation	<u>(20,052,080)</u>	<u>(19,550,204)</u>
Net depreciable assets	22,774,232	10,036,170
Construction in progress	104,027	12,103,756
Land	498,778	498,778
Total capital assets	<u>23,377,037</u>	<u>22,638,704</u>
Net pension asset	<u>89,638</u>	<u>-</u>
Total noncurrent assets	<u>24,598,990</u>	<u>23,793,109</u>
Total assets	<u>37,924,580</u>	<u>35,344,689</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows on pensions	79,488	61,836
Deferred outflows on other post-employment benefits	106,405	154,102
Total deferred outflows of resources	<u>185,893</u>	<u>215,938</u>

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

WEST OUACHITA SEWERAGE DISTRICT NO. 5

West Monroe, Louisiana

Statements of Net Position

For the Years Ended

	<u>August 31,</u>	
	<u>2021</u>	<u>2020 (restated)</u>
LIABILITIES		
Current liabilities		
Payable from current assets		
Accounts and retainage payable	\$ 539,332	\$ 781,125
Accrued payroll and benefits	14,449	16,247
Unearned revenue	41,981	-
Due to other governments - current portion	31,000	60,500
Total payable from current assets	<u>626,764</u>	<u>857,872</u>
Payable from restricted assets		
Bonds payable - current portion	452,000	446,000
Accrued interest payable	16,420	10,690
Customer deposits	222,055	216,060
Total payable from restricted assets	<u>690,475</u>	<u>672,750</u>
Total current liabilities	<u>1,317,239</u>	<u>1,530,622</u>
Noncurrent liabilities		
Due to other governments	327,000	359,000
Bonds payable (restated)	8,037,750	7,786,183
Net pension liability	-	2,350
Other post employment benefits payable	258,313	244,611
Total noncurrent liabilities	<u>8,623,063</u>	<u>8,392,144</u>
Total liabilities	<u>9,940,302</u>	<u>9,922,769</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on pensions	192,489	118,442
Deferred inflows on other post-employment benefits	35,347	40,075
Total deferred inflows of resources	<u>227,836</u>	<u>158,517</u>
NET POSITION		
Net investment in capital assets	14,529,287	13,987,021
Restricted net position - debt service	926,396	954,405
Unrestricted net position	<u>12,486,651</u>	<u>10,537,915</u>
Total net position	<u>\$ 27,942,334</u>	<u>\$ 25,479,341</u>

WEST OUACHITA SEWERAGE DISTRICT NO. 5

West Monroe, Louisiana

Statements Of Revenues, Expenses**And Changes In Net Position**

For the Years Ended

	August 31,	
	2021	2020 (restated)
OPERATING REVENUES		
Sewerage fees	\$ 5,957,646	\$ 5,801,084
Inspection fees	1,750	15,050
Miscellaneous	72,678	103,002
Total operating revenues	<u>6,032,074</u>	<u>5,919,136</u>
OPERATING EXPENSES		
Advertising	318	668
Bad debt expense	144,663	28,646
Collection expense	114,000	114,000
Commissioners' fees	2,160	2,160
Depreciation and amortization	639,257	589,539
Dues and subscriptions	500	950
Gas and oil	27,365	34,441
Insurance	130,366	143,061
Maintenance and repairs	206,480	219,765
Miscellaneous	50,189	22,214
Office expense	12,774	15,194
Payroll taxes	4,609	4,847
Pension and retirement	37,539	(175)
Postage	330	440
Professional fees	295,301	228,321
Salaries and wages	322,020	327,714
Telephone	9,053	8,576
Travel	1,533	-
Treatment plant operations	1,400,891	1,334,832
Utilities	152,853	174,342
Total operating expenses	<u>3,552,201</u>	<u>3,249,535</u>
Operating income (loss)	2,479,873	2,669,601
NONOPERATING REVENUES (EXPENSES)		
Interest earned	11,352	9,959
Franchise fees	31,628	20,587
Gain (loss) on sale of assets	(18,968)	(144,486)
Interest expense	(40,892)	(12,385)
Total Non-operating income	<u>(16,880)</u>	<u>(126,325)</u>
Changes in net position	2,462,993	2,543,276
Net position at beginning of year	25,479,341	23,071,889
Restatement	-	(135,824)
Net position at beginning of year, as restated	<u>25,479,341</u>	<u>22,936,065</u>
Net position at end of year	<u>\$ 27,942,334</u>	<u>\$ 25,479,341</u>

WEST OUACHITA SEWERAGE DISTRICT NO. 5

West Monroe, Louisiana

Statements of Cash Flows

For the Years Ended

	August 31,	
	2021	2020
Cash flows from operating activities		
Receipts from customers	\$ 6,100,430	\$ 5,688,237
Other revenue	72,828	103,002
Payment to suppliers	(2,650,884)	(1,940,655)
Payment for employee services	(389,586)	(334,610)
Net cash provided by operating activities	<u>3,132,788</u>	<u>3,515,974</u>
Cash flows from noncapital financing activities		
Franchise fee	31,628	20,587
Net cash provided by noncapital financing activities	<u>31,628</u>	<u>20,587</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(1,377,591)	(7,384,562)
Proceeds from sale of fixed assets	7,709	-
Cash received from DEQ loan	672,567	6,710,099
Principal paid on bonds	(605,451)	(308,519)
Interest paid on bonds	(35,162)	(13,455)
Net cash used by capital and related financing activities	<u>(1,337,928)</u>	<u>(996,437)</u>
Cash flows from investing activities		
Interest received	11,352	9,959
Net cash provided by investing activities	<u>11,352</u>	<u>9,959</u>
Net increase (decrease) in cash and cash equivalents	1,837,840	2,550,083
Cash and cash equivalents at beginning of year	<u>10,797,154</u>	<u>8,247,071</u>
Cash and cash equivalents at end of year	<u>\$ 12,634,994</u>	<u>\$ 10,797,154</u>

(continued)

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

WEST OUACHITA SEWERAGE DISTRICT NO. 5

West Monroe, Louisiana

Statements of Cash Flows (Concluded)

For the Years Ended

	<u>August 31,</u>	
	<u>2021</u>	<u>2020</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 2,479,873	\$ 2,669,601
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	639,257	589,539
Bad debts	144,663	28,646
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources		
Accounts receivable	97,658	(49,986)
Due from third party collector	(4,600)	(95,896)
Due from other governments	-	(192,260)
Inventory	(17,555)	4,743
Prepaid expenses	10,417	(552)
Accounts and retainage payable	(241,793)	351,958
Accrued payroll and benefits	(1,798)	2,510
Unearned revenue	41,981	-
Customer deposits	5,995	17,985
Net pension asset	(91,988)	(224,898)
Net OPEB liability	13,702	29,490
Deferred outflows for pensions	(17,652)	131,551
Deferred outflows for OPEB	4,603	(67,914)
Deferred inflows for pensions	74,047	90,534
Deferred inflows for OPEB	(4,022)	38,663
Net cash provided by operating activities	\$ 3,132,788	\$ 3,323,714
Cash and cash equivalents on the balance sheet as		
Current assets		
Cash and cash equivalents	\$ 11,502,679	\$ 9,642,749
Restricted assets		
Cash and cash equivalents	<u>1,132,315</u>	<u>1,154,405</u>
Total cash and cash equivalents	\$ 12,634,994	\$ 10,797,154
Supplemental disclosure of noncash operating activities		
Other post-employment benefits	\$ (258,313)	\$ (244,611)
Pensions	<u>\$ 89,638</u>	<u>\$ (2,350)</u>

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Years Ended August 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies

A. History

West Ouachita Sewerage District No. 5 (the District), was created on January 24, 1974, by the Ouachita Parish Police Jury, through adoption of Ordinance No. 7386, and therefore it is a component unit of the Ouachita Parish Police Jury (the Police Jury) and is an integral part of the Police Jury reporting entity. As a governmental entity, the District is exempt from federal and state income taxes. It is governed by a board of commissioners composed of three property taxpayers residing within the District, all of which are appointed by the Police Jury.

B. Reporting Entity

The Governmental Accounting Standards Board (GASB) is the accepted standard setting authority for generally accepted accounting principles as applied to governmental entities. GASB Statement Number 61, *The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No. 14 and No. 34*, establishes criteria for determining which component units of governments should be considered part of a primary government for financial reporting purposes.

The basic criterion for determining a component unit is accountability. As the Police Jury appoints a voting majority of the board of commissioners of the District and has the ability to impose its will upon the District, the District is considered a component unit of the Police Jury, the primary governing body of the parish and the governmental body with oversight responsibility.

The accompanying basic 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 that primary governmental unit or other component units that comprise the primary government reporting entity.

C. Basis of Accounting

The District has adopted the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*. Statement 34 established standards for external reporting for all state and local governmental entities which includes a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. It also requires the classification of net position into three components – invested in capital assets: net of related debt, restricted and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances on any bonds, mortgages, notes, or other borrowings attributed to the acquisition, construction, or improvement of those assets.

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Restricted net position – This component of net position consists of the net position on which constraints have been placed externally by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or laws through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of the net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District’s financial statements are prepared in accordance with accounting principles accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained In Pre-November 30, 1989 FASB and AICPA Pronouncements*.

The financial statements of the District are a *Business-Type Activity* and are financed in whole or in part by fees charged to external parties for goods and services.

The District recognizes income on the accrual basis of accounting, whereby revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred.

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

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District’s principal ongoing operations. The principal operating revenues are charges to customers for service. Customers are billed monthly for services received during the month. The District estimates their unbilled revenues to reflect the weekly billing cycles. As such, 50% of the subsequent month’s billings are recognized as revenues for the previous month. The District outsources its billing and collection of sewer services and collection and refunding of customer deposits via contract to Greater Ouachita Water Company (GOWC) for a recurring monthly fee of \$9,500. GOWC then outsources billings and collections of sewer fees via contract to Northeast LA Utilities (NLU) and NLU remits payments to the District monthly.

The District also recognizes the fees intended to recover the cost of connecting new customers to the system as operating revenues. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Services are billed as follows:

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1. Residential, multi-housing, and multi-unit services are charged \$45 per month.
 - a. The multi-housing is based on a 100% occupancy factor.
 - b. The multi-unit is based on a physical count each month.
2. Commercial service was charged \$4.50 per 1,000 gallons of water per month (metered water usage - \$45 minimum bill)
3. Institutional billing is based on monthly water use at \$45 per 8,000 gallons used.
4. Industrial billing is based on average monthly water use plus the Industrial Cost Recovery factor and surcharge for excessive pollutant concentration.

The District provided services to 9,494 residential customers and 443 institutional and industrial customers at August 31, 2021.

D. Accounts Receivable

The allowance for doubtful accounts is established to provide an estimate of receivables that are expected to be unrecoverable. Losses are charged against the allowance when management believes the collectability of a receivable is unlikely. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

E. Inventory

Inventory consists primarily of pump motors and is valued at estimated recoverable cost as determined by specific identification method. Other materials and supplies needed for maintenance and operations are included in inventory and are valued at lower of cost or net realizable value using first in, first out, basis.

F. Property and Equipment

Upon completion of new subdivisions, developers donate their systems to the District for servicing and maintenance. These systems are recorded at fair market value at the date of contribution.

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The District considers assets with an individual cost of \$2,000 or more and an estimated useful life of one year or more a capital asset. Property and equipment are recorded at their historical cost and depreciated on the straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

Buildings and Improvements	15-40 Years
Lift Station Structures	40 Years
Gravity Lines, Force Mains, and Manholes	40 Years
Equipment	3-20 Years
Lift Station Pumps	10 Years
Vehicles	5 Years
Furniture and Fixtures	3-15 Years

Customers are billed a flat rate for new connection taps which covers the cost of the tap to the District; therefore, new connection costs are expensed rather than capitalized.

G. Statements of Cash Flows

For purposes of the Statements of Cash Flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

H. Compensated Absences

The District's policy for paid vacation, which is non-cumulative, is as follows:

Employment 1 – 3 years	1 week per year
4 – 9 years	2 week per year
10 – 19 years	3 week per year
After 20 years	4 week per year

Employees accrue sick leave as follows:

Employment less than 6 months	0 days per year
6 months – 1 year	4 days per year
1 – 3 years	8 days per year
After 3 years	12 days per year

Sick leave may be carried forward from year to year with no limit on the number of hours that may be accrued. Employees are compensated up to a maximum of 30 days accumulated sick leave only upon normal retirement. No other time off is paid upon separation and, accordingly, the financial statements do not include any accruals.

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I. Use of Estimates

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

J. Reclassifications

Minor reclassifications have been made to prior year financial statements to make them comparable to the current year's presentation.

Note 2 - Cash and Investments

Under state law, the District may invest funds in demand deposits, interest bearing demand deposits, or in time deposits with state banks organized under Louisiana law or any other state, and under the laws of the United States. At August 31, 2021, the District had cash and cash equivalents totaling \$12,634,994 with \$12,634,899 in demand deposits and \$95 in petty cash.

Custodial credit risk - deposits. These deposits are stated at cost, which approximates market. Under state law, these deposits (or 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 pledged securities plus the federal deposit insurance must at all times equal the amount on deposits with the fiscal agent. These securities are held in the name of the pledging fiscal agent in a holding or custodial bank that is mutually acceptable to both parties.

Cash and cash equivalents at August 31, 2021 are secured as follows:

	August 31,	
	2021	2020
Bank balances	<u>\$ 12,648,034</u>	<u>\$ 10,869,346</u>
Federal deposit insurance	250,000	250,000
Pledged securities	<u>12,674,760</u>	<u>11,393,312</u>
Total secured	<u>\$ 12,924,760</u>	<u>\$ 11,643,312</u>

Note 3 - Accounts Receivable – Customers and Due From Other Entities

Accounts receivable – customers consists of the following for the years ended:

	August 31,	
	2021	2020
Receivables billed to customers	<u>\$ 360,816</u>	<u>\$ 486,703</u>
Unbilled revenues	<u>246,603</u>	<u>246,605</u>
Gross accounts receivable	607,419	733,307
Less: allowance for uncollectibles	-	(28,229)
Net total receivables	<u>\$ 607,419</u>	<u>\$ 705,078</u>

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Note 4 - Changes in Capital Assets

The changes in capital assets for year ended August 31, 2021 are as follows:

	Balance 09/01/2020	Additions	Deletions/ Transfers	Balance 08/31/2021
Nondepreciable assets:				
Land	\$ 498,778	\$ -	\$ -	\$ 498,778
Construction In Progress	12,103,755	827,381	(12,827,109)	104,027
Total Nondepreciable Assets	12,602,533	827,381	(12,827,109)	602,805
Depreciable Assets:				
Buildings and Improvements	416,636	4,500	-	421,136
Furniture and Fixtures	10,858	-	-	10,858
Equipment	578,707	508	-	579,215
Vehicles	366,916	26,512	(48,071)	345,357
Lines, Mains, Manholes	19,963,138	13,263,999	-	33,227,137
Lift Station Pumps	2,046,719	-	-	2,046,719
Lift Station Structures	2,443,763	43,917	-	2,487,680
Treatment Plant	2,394,694	37,883	(89,310)	2,343,267
Treatment Plant - Sparta	1,364,943	-	-	1,364,943
Total Depreciable Assets	29,586,374	13,377,319	(137,381)	42,826,312
Less Accumulated Depreciation	(19,550,204)	(639,257)	137,381	(20,052,080)
Net Depreciable Assets	10,036,170	12,738,062	-	22,774,232
Net Capital Assets	\$ 22,638,703	\$ 13,565,443	\$ (12,827,109)	\$ 23,377,037

The changes in capital assets for year ended August 31, 2020 are as follows:

	Balance 09/01/2019	Additions	Deletions/ Transfers	Balance 08/31/2020
Nondepreciable assets:				
Land	\$ 498,778	\$ -	\$ -	\$ 498,778
Construction In Progress	4,833,066	7,270,689	-	12,103,755
Total Nondepreciable Assets	5,331,844	7,270,689	-	12,602,533
Depreciable Assets:				
Buildings and Improvements	416,636	-	-	416,636
Furniture and Fixtures	10,858	-	-	10,858
Equipment	578,707	-	-	578,707
Vehicles	296,624	70,292	-	366,916
Lines, Mains, Manholes	19,963,138	-	-	19,963,138
Lift Station Pumps	2,003,138	43,581	-	2,046,719
Lift Station Structures	2,443,763	-	-	2,443,763
Treatment Plant	2,394,694	-	-	2,394,694
Treatment Plant - Sparta	1,364,943	-	-	1,364,943
Total Depreciable Assets	29,472,501	113,873	-	29,586,374
Less Accumulated Depreciation	(18,960,665)	(589,539)	-	(19,550,204)
Net Depreciable Assets	10,511,836	(475,666)	-	10,036,170
Net Capital Assets	\$ 15,843,680	\$ 6,795,023	\$ -	\$ 22,638,703

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Depreciation of \$639,257 and \$589,539 was expensed for 2021 and 2020, respectively.

Note 5 - Long-Term Obligations

The following is a summary of long-term obligation transactions for the years ended August 31, 2021 and 2020:

Long-term Obligations	Balance 08/31/2020	Additions	Deductions	Balance 08/31/2021	Due Within One Year
Bonds payable	\$ 8,232,183	\$ 672,567	\$ (415,000)	\$ 8,489,750	\$ 452,000
Due to other governments (See Note 7)	419,500	-	(61,500)	358,000	31,000
OPEB	244,611	13,702		258,313	-
Net pension liability (asset)	2,350	(91,988)	-	(89,638)	-
Total	<u>\$ 8,898,644</u>	<u>\$ 594,281</u>	<u>\$ (476,500)</u>	<u>\$ 9,016,425</u>	<u>\$ 483,000</u>
Long-term Obligations	Balance 08/31/2019	Additions	Deductions	Balance 08/31/2020	Due Within One Year
Bonds payable	\$ 1,615,084	\$ 6,710,099	\$ (93,000)	\$ 8,232,183	\$ 384,000
Due to other governments (See Note 7)	419,500	-	-	419,500	60,500
OPEB	215,121	29,490	-	244,611	-
Net pension liability (asset)	227,248	-	(224,898)	2,350	-
Total	<u>\$ 2,476,953</u>	<u>\$ 6,739,589</u>	<u>\$ (317,898)</u>	<u>\$ 8,898,644</u>	<u>\$ 444,500</u>

Bonds Payable

In November 2011, the District issued \$1,918,000 Department of Environmental Quality (DEQ) Sewer Revenue Bonds Series 2011. These bonds are payable over 20 years with interest at the rate of .45% per annum and an administrative fee of .50% per annum.

Both principal and interest are due in total, to maturity, as follows:

Year Ending August 31, 2021	Principal Payments	Interest Payments	Total
2022	\$ 95,000	\$ 4,736	\$ 99,736
2023	96,000	4,307	100,307
2024	97,000	3,872	100,872
2025	98,000	3,434	101,434
2026	99,000	2,990	101,990
2027-2031	510,000	8,145	518,145
2032	105,000	236	105,236
Total	<u>\$ 1,100,000</u>	<u>\$ 27,720</u>	<u>\$ 1,127,720</u>

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The DEQ loan agreements provide for the establishment of the following bank accounts:

“Sewer Revenue Bond Debt Service Fund” - The Series 2011 and Series 2019 DEQ Revenue Bonds require the establishment of a “Sewer Revenue Bond Debt Service Fund,” whereby monthly transfers will be made into the account on or before the 20th day of each month of each year, a sum equal to one-sixth (1/6th) of the interest falling due on the next interest payment date and one-twelfth (1/12th) of the principal falling due on the next principal payment date. As of August 31, 2021, the balance in the Sewer Revenue Bond Debt Service Fund was \$230,672.

“Sewer Revenue Bond Debt Service Reserve Fund” - The agreements for the Series 2011 and Series 2019 DEQ bonds provide that at least 20% of the reserve fund requirement be transferred into the reserve fund each bond year, so that the reserve fund is fully funded no later than five years after the delivery date. As of August 31, 2021, the balance in the Sewer Revenue Bond Debt Service Reserve Fund was \$53,431.

“Sewer Revenue Bond Depreciation & Contingency Fund” - The agreements for the Series 2011 and Series 2019 DEQ bonds each provide that on or before the 20th day of each month, a sum equal to 5% of the preceding month's net revenues shall be transferred to this account, provided that such sum is available. Payments in this fund shall continue until such time as \$500,000 has accumulated in this fund, whereby such payments may cease. As of August 31, 2021, the balance in the Sewer Revenue Bond Depreciation & Contingency Fund was \$500,000 for the Series 2011 Bonds and \$158,713 for the Series 2019 Bonds.

In June 2019, the District issued \$7,710,750 Louisiana Department of Environmental Quality (DEQ) Sewer Revenue Bond, Series 2019. These bonds are payable over 20 years with interest at the rate of .45% per annum and an administrative fee of .50% per annum. For the fiscal years ended August 31, 2021 and 2020, the District made draws on the loan which totaled \$672,567 and \$6,710,099, respectively. The loan funding has been fully drawn as of August 31, 2021.

Both principal and interest are due in total, to maturity, as follows:

Year Ending August 31, 2021	Principal Payments	Interest Payments	Total
2022	\$ 357,000	\$ 32,408	\$ 389,408
2023	360,000	30,837	390,837
2024	364,000	29,208	393,208
2025	367,000	27,564	394,564
2026	370,000	25,905	395,905
2027-2031	1,906,000	104,080	2,010,080
2032-2036	1,998,000	60,169	2,058,169
2037-2040	1,667,750	15,098	1,682,848
Total	<u>\$ 7,389,750</u>	<u>\$ 325,269</u>	<u>\$ 7,715,019</u>

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Note 6-Long-Term Leases

On August 1, 1984, the District entered into a 25-year lease with the City of West Monroe (the City) for joint use of the Regional Wastewater Treatment Facility owned by the City. The lease was renewed for a term of 25 years on July 26th, 2012, with an additional 10 year option available to the District. The operation and maintenance of the treatment facility is prorated between the District and the City based on usage. The treatment plant operations cost to the District was \$1,400,891 and \$1,334,832 for the years ended August 31, 2021 and 2020, respectively. The agreement also provides for the sharing of costs to upgrade the facility during the term of the lease. The District incurred capital upgrading costs of \$37,883 for the year ended August 31, 2021, and did not incur any capital upgrading costs for the year ended August 31, 2020. The cumulative cost of capital upgrading includes a long-term liability to the City of West Monroe as described in Note 7.

Note 7-Joint Agreement with City of West Monroe on Upgrading Treatment Facility

In fiscal year 2012, the District participated in a capital project with the City of West Monroe to upgrade the quality and quantity of wastewater effluent from the West Monroe/West Ouachita Sewerage District No. 5 Regional Wastewater Treatment Facility. The City financed a portion of the project by means of a \$1,250,000 loan from the Department of Environmental Quality (DEQ) State Revolving Fund Loan Program. The loan is payable over 20 years with an interest rate of .45% and an administrative fee of .50%. The financing arrangement for the project calls for the District to share in 50% repayment of the loan as payments are incurred. The District's total principal obligation to the City consists of 20 principal payments totaling \$625,000 and interest and administrative fees of .45% and .50%, respectively. Both principal and interest are due in total, to maturity, as follows:

Year Ending August 31,	Principal Payments	Interest Payments	Total
2022	\$ 31,000	\$ 1,681	\$ 32,681
2023	31,500	1,541	33,041
2024	31,500	1,401	32,901
2025	32,000	1,259	33,259
2026	32,000	1,116	33,116
2027-2031	166,000	3,393	169,393
2032	34,000	230	34,230
Total	<u>\$ 358,000</u>	<u>\$ 10,621</u>	<u>\$ 368,621</u>

Note 8-Parochial Employees' Retirement System of Louisiana

Plan Description

Parochial Employees' Retirement System of Louisiana (The System) is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute (LRS). Substantially all employees of the District participate in Plan A of the System.

Benefits Provided

Employees hired prior to January 1, 2007 who retire at or after age 65 with a minimum of seven (7) years of service, at or after age 60 with a minimum of ten (10) years of service, at or after age 55 with twenty-five (25) years of service, or with thirty (30) or more years of service regardless of age are entitled to a retirement benefit.

Employees who were hired after January 1, 2007 who retire at age 67 with seven (7) years of experience, age 62 with ten (10) years of experience or age 55 with thirty (30) years of experience are entitled to a retirement benefit.

Generally, the monthly amount of the retirement allowance shall consist of an amount equal to three percent (3%) of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

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1. Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

The surviving spouse of any member of Plan A who is eligible for normal retirement at time of death shall receive an automatic Option 2 benefit, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married no less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

2. Deferred Retirement Option Program (DROP)

In lieu of terminating employment and accepting a service retirement, any member who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three (3) years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan (DROP) on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in DROP will be placed in liquid asset money market investments at the discretion of the Board of Trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of DROP must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of DROP are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

3. Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five (5) years of creditable service or if hired after January 1, 2007, has seven (7) years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his years of service, not to be less than 15, or three percent (3%) multiplied by years of service assuming continued service to age 60 for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

Cost of Living Increases

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

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Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the period from September 1, 2020 to December 31, 2020 and for the period from January 1, 2021 to August 31, 2021, the actuarially determined contribution rates were 11.11% and 10.38%, respectively, of member's compensation for Plan A. However, the actual rate for those periods was 12.25%. Contributions to the pension plan from the District were \$36,385 for the year ended August 31, 2021.

According to state statute, the System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2021, the Employer reported an asset of \$89,638 for its proportionate share of the Net Pension Asset. The Net Pension Asset was measured as of December 31, 2020 and the total pension asset used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date. The District's proportion of the Net Pension Asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2020, the District's proportion was 0.051122%, which was an increase of 0.001208% from its proportion measured as of December 31, 2019.

For the year ended August 31, 2021, the District recognized pension expense of \$8,212 plus the District's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions of (\$40,627).

At August 31, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021 Deferred Outflows of Resources	2021 Deferred Inflows of Resources	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,824	\$ 10,699	\$ -	\$ 21,035
Changes in assumptions	29,327	-	32,816	-
Net difference between projected and actual earnings on pension plan investments	-	174,947	-	88,926
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,076	6,843	1,639	8,481
Employer contributions subsequent to the measurement date	26,261	-	27,381	-
Total	\$ 79,488	\$ 192,489	\$ 61,836	\$ 118,442

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\$26,261 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an addition to the Net Pension Liability in the year ending August 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending August 31:		
2022	\$	(40,669)
2023	\$	(13,875)
2024	\$	(56,138)
2025	\$	(28,580)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2020, the valuation date, are as follows:

Actuarial cost method	Entry Age Normal
Expected remaining service lives	4 years
Investment rate of return	6.40% net of investment expenses
Projected salary increases	4.75%
Cost-of-living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.

The discount rate used to measure the total pension asset was 6.40% for Plan A. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from participating employers and non-employer contributing entities will be made at actuarially determined contribution rates and, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2020.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020, are summarized in the following table:

Asset Class	Target	Long-Term Expected Real Rate
Fixed Income	33%	0.86%
Equity	51%	3.36%
Alternatives	14%	0.67%
Real Assets	2%	0.11%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.00%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 6.40%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (5.40%) or one percentage-point higher (7.40%) than the current rate:

	1.0% Decrease (5.40%)	Current Discount Rate (6.40%)	1.0% Increase (7.40%)
Employer's proportionate share of the net pension liability	\$ 187,945	\$ (89,638)	\$ (322,108)

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended August 31, 2021, the District recognized revenue as a result of support received from non-employer contributing entities of \$4,298 for its participation in PERS.

Payables to the Pension Plan

At August 31, 2021, the District had \$12,654 payable to the pension plan for employer and member contributions, respectively. The payable is based on the legally required contributions by the District and members and is derived from the payroll period ended August 31, 2021.

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
 West Monroe, Louisiana

Notes to the Financial Statements
 For the Years Ended August 31, 2021 and 2020

Note 9-Other Postemployment Benefits Plan

Plan Description. The District participates in a group defined health retirement plan ("the Plan"), authorized by Louisiana Revised Statute, which is administered by the Office of Group Benefits. The plan provides medical, dental, and vision insurance benefits to eligible retirees. The Plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The premium rates are established and may be amended by the Ouachita Parish Police Jury.

At September 1, 2019, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits payments	2
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	7
Total	9

Total OPEB Liability

The District's total OPEB liability of \$258,313 was measured as of August 31, 2021 and was determined by an actuarial valuation as of September 1, 2019.

Actuarial assumptions and other inputs. The total OPEB liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.40%
Salary increases, including inflation	2.50%
Discount rate	1.95%
Health care cost trend rates	The expected rate of increase in health insurance premiums was based on the Society of Actuaries' Getzen Model (updated for 2020). The initial rate of 7.12% in the first year and 10.46% in the second year, are based on actual increases in premiums. Beginning in the third year, a rate of 6.50% initially, reduced to an ultimate rate of 4.04% after 55 years, was used.

The discount rate was based on the 8/31/2021 Fidelity General Obligation AA 20-Year Yield. Mortality rates for active employees were based on the PubG. H-2010 Employee Mortality Table for males or females, as appropriate, with generational adjustments for mortality improvement based on Scale MP-2021.

The actuarial assumptions used in the August 31, 2021 valuation were based on those used in the Parochial Employees' Retirement System of Louisiana valuation and actuarial experience.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at August 31, 2021	\$ <u>244,611</u>
Changes for the year	
Service cost	13,888
Interest	5,814
Differences between expected and actual experience	6,247
Changes in assumptions / inputs	6,590
Change in benefit terms	-
Benefit payments	(18,836)
Administrative expense	-
Net changes	13,703
Balance at August 31, 2020	\$ <u>258,314</u>

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
 West Monroe, Louisiana

Notes to the Financial Statements
 For the Years Ended August 31, 2021 and 2020

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (0.95%) or one percentage point higher (2.95%) than the current discount rate (1.95%).

	1% Decrease 0.95%	Discount Rate 1.95%	1% Increase 2.95%
Total OPEB liability	\$ 275,784	\$ 258,313	\$ 239,767

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower and one percentage point higher than the current healthcare cost trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 219,859	\$ 258,313	\$ 304,964

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended August 31, 2021, the District recognized OPEB expense of \$33,119. At August 31, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021 Deferred Outflows of Resources	2021 Deferred Inflows of Resources	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources
Differences between expected and actual experience	\$ 90,948	\$ 424	\$ 141,481	\$ 565
Changes of assumptions	15,457	34,923	12,621	39,510
Total	\$ 106,405	\$ 35,347	\$ 154,102	\$ 40,075

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended August 30,	Amount
2021	\$ 13,417
2022	13,417
2023	13,417
2024	4,940
2025	4,940
Thereafter	\$ -

Note 10 - Commissioners' Fees

The members of the Board of Commissioners are paid \$60 per regular meeting and \$25 per special meeting. Commissioners are paid shortly after year-end for the meetings that were attended during the year. Amounts due to board members for meetings attended during the year ended August 31, 2021 were as follows:

Commissioner	Regular Meetings	Special Meetings	Compensation
Don Leach - President	12	0	\$ 720
Ralph Owens - Vice President	12	0	720
Jeff Glover - Secretary/Treasurer	12	0	720
Total			\$ 2,160

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
West Monroe, Louisiana

Notes to the Financial Statements
For the Years Ended August 31, 2021 and 2020

Note 11 - Franchise Fee

The District entered into a franchise agreement dating back to 1992 with a corrugated container plant located outside their taxing district boundaries. This agreement calls for payment of an unrestricted franchise fee equivalent to the taxes which would have been levied had the plant been in the boundaries of the District. The plant also pays a monthly user's fee. The franchise fees were \$31,628 and \$20,587 for the years ended August 31, 2021 and 2020, respectively.

Note 12 - Related Party Transactions

The District is covered by certain umbrella insurance policies including liability and property, worker's compensation, and group health insurance policies through the Ouachita Parish Police Jury (the Police Jury). During 2021 and 2020 the District paid the Police Jury \$185,740 and \$156,573, respectively, for this coverage.

Note 13 - Risk Financing Activities Transactions

Through its primary government, the Ouachita Parish Police Jury, the District participates in a self-funded program (the fund) for potential losses under general liability, property and automobile coverage, and worker's compensation. The fund pays the premiums for reinsurance and pays all deductibles up to \$150,000 per occurrence, except for \$500 that is paid by the District. The premiums, which are modified for experience and other factors, are computed annually. The reinsurance policy covers all losses over the \$150,000 deductible with an aggregate general liability coverage of \$3,000,000. Two funds are established, one for liability and property and one for worker's compensation. The District contributed \$54,027 and \$57,448 into the fund during the years ended August 31, 2021 and 2020, respectively.

Note 14 - Concentrations of Risk

Accounts receivable primarily represent amounts due from customers located within the boundaries of the District. The District requires a security deposit of \$30 for each new customer being serviced by the system. Failure of the District's customers to perform as required could impact the District's ability to collect approximately \$385,365 after applying the security deposits of \$222,055.

Note 15 - Litigation

The District has resolved all litigations. There are no pending cases against the District at this time.

Note 16 – Commitments and Contingencies

The World Health Organization declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. Due to the necessity of the services that the District provides, the District has not identified a need for an adjustment as of the date of this report.

Note 17 – Restatements

As a result of an internal review of the District's long-term debt and accounts receivable during the 2021 fiscal year, the District identified that accounts receivable and long-term debt had been overstated due to a timing difference between the District and the LDEQ for the year ended August 31, 2020. The District restated its financial statements for the year ended August 31, 2020 with respect to these items. The effect of the restatement was to decrease the District's receivables due from other governments and bonds payable by \$426,113 for the year ended August 31, 2020.

WEST OUACHITA SEWERAGE DISTRICT NO. 5
(A Component Unit of the Ouachita Parish Police Jury)
 West Monroe, Louisiana

Notes to the Financial Statements
 For the Years Ended August 31, 2021 and 2020

Further, the beginning net position of the District has been restated on the August 31, 2020 financial statements to record a prior period adjustment to correct grant revenues recorded in prior years. A reconciliation of the restatements is as follows:

	<u>Long-term debt</u>	<u>Due from other governments</u>	<u>Net position at beginning of year</u>
As originally reported	\$ 8,212,296	\$ 1,123,906	\$ 23,071,889
Restatement to correct			
LDEQ funding	(426,113)	(426,113)	
Grant revenues		(135,824)	(135,824)
Restated amount	<u>\$ 7,786,183</u>	<u>\$ 561,969</u>	<u>\$ 22,936,065</u>

Note 18 – Subsequent Events

The District has evaluated subsequent events through February 28, 2022, the date which the financial statements were available to be issued and determined that there were no events that occurred subsequent to the reporting period that are required to be disclosed.

Note 19 – Current Accounting Standards Scheduled to be Implemented

The following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the District's financial report:

GASB Statement 87. Leases. This standard will require all leases to be reported on the Statement of Net Position under a single accounting model for both lessors and lessees. The statement will require the recognition of leased assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. This standard is effective for annual reporting periods beginning after June 15, 2021. The District will include the requirements of this standard, as applicable, in its August 31, 2022 financial statements. All of the District's lease agreements, if any, will need to be evaluated to determine the impact of implementing this standard, however, the effect of this standard or its applicability to the District are unknown at this time.

GASB Statement 89. Accounting for Interest Cost Incurred before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The District will include the requirements of this standard, as applicable, in its August 31, 2022 financial statements. The effect of this standard or its applicability to the District are unknown at this time.

GASB Statement 91. Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The District does not believe it will be impacted by this statement.

REQUIRED SUPPLEMENTARY INFORMATION (PART B)

WEST OUACHITA SEWERAGE DISTRICT NO. 5
West Monroe, Louisiana

Other Post Employment Benefits
Schedule Of Changes in Total OPEB Liability and Related Ratios
For the Years Ended August 31,
(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 13,888	\$ 12,911	\$ 10,539	\$ 10,282
Interest	5,814	5,590	6,374	6,366
Differences between expected and actual experience	6,247	84,186	32,781	(989)
Changes of assumptions or other inputs	6,590	(42,684)	18,932	-
Benefit payments	<u>(18,836)</u>	<u>(30,512)</u>	<u>(31,406)</u>	<u>-</u>
Net change in total OPEB liability	13,703	29,491	37,220	15,659
Total OPEB liability - beginning	<u>244,611</u>	<u>215,120</u>	<u>177,900</u>	<u>162,241</u>
Total OPEB liability - ending	<u><u>\$ 258,314</u></u>	<u><u>\$ 244,611</u></u>	<u><u>\$ 215,120</u></u>	<u><u>\$ 177,900</u></u>
Covered-employee payroll	\$ 326,743	\$ 318,774	\$ 339,982	\$ 331,690
Total OPEB liability as a percentage of covered-employee payroll	79.1%	76.7%	63.3%	53.6%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes of benefit terms.

There were no changes of benefit terms for the year ended August 31, 2021.

Changes of assumptions and other inputs.

The following are the discount rates used in each period:

2021	1.95%
2020	2.33%
2019	2.63%
2018	3.69%

Mortality Rates

2021	PubG.H-2010 Employee and Healthy Annuitant, Generational with MP-2021.
2020	PubG.H-2010 Employee and Healthy Annuitant, Generational with MP-2020.
2019	PubG.H-2010 Employee and Healthy Annuitant, Generational with MP-2019.
2018	PubG.H-2014 Employee and Healthy Annuitant, Generational with MP-2018.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

WEST OUACHITA SEWERAGE DISTRICT NO. 5

West Monroe, Louisiana

Schedule of Employer's Proportionate Share of Net Pension Liability

For the Years Ended August 31,

(Unaudited)

<u>Plan Year Ended</u>	<u>Employer's proportion of the net pension liability (asset)</u>	<u>Employer's proportionate share of the net pension liability (asset)</u>	<u>Employer's covered payroll</u>	<u>Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
<u>Parochial Employees' Retirement System</u>					
2020	0.051122%	\$ (89,638)	\$ 330,043	-27%	104.0%
2019	0.049914%	\$ 2,350	\$ 309,870	1%	99.9%
2018	0.051201%	\$ 227,248	\$ 329,878	69%	88.9%
2017	0.071192%	\$ (52,842)	\$ 397,024	-13%	98.1%
2016	0.068026%	\$ 140,100	\$ 317,095	44%	98.1%
2015	0.061655%	\$ 162,294	\$ 280,466	58%	92.2%
2014	0.061672%	\$ 16,862	\$ 300,643	6%	99.2%

*Amounts presented were determined as of the measurement date (plan year ended December 31).

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

WEST OUACHITA SEWERAGE DISTRICT NO. 5
West Monroe, Louisiana

Schedule of Employer Contributions to the Pension Plan
For the Years Ended August 31,
(Unaudited)

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Parochial Employees Retirement System of Louisiana					
2021	\$ 36,835	\$ 36,835	\$ -	\$ 300,686	12.3%
2020	\$ 38,560	\$ 38,560	\$ -	\$ 323,887	11.9%
2019	\$ 35,699	\$ 35,699	\$ -	\$ 310,422	11.5%
2018	\$ 44,268	\$ 44,268	\$ -	\$ 373,139	11.9%
2017	\$ 52,053	\$ 52,053	\$ -	\$ 410,981	12.7%
2016	\$ 37,072	\$ 37,072	\$ -	\$ 273,014	13.6%
2015	\$ 41,789	\$ 41,789	\$ -	\$ 277,602	15.1%

Amounts presented were determined as of the end of the fiscal year (August 31)

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information
For the Year Ended August 31, 2021

Changes of Benefit Terms

There were no changes of benefit terms for the five years ended August 31, 2021.

Changes of Assumptions

The investment rate of return was decreased from 6.5% to 6.4% and the inflation rate was decreased from 2.4% to 2.3% for the valuation year ended December 31, 2020.

The investment rate of return was decreased from 6.75% to 6.50% and projected salary increases decreased from 5.25% to 4.75% for the valuation year ended December 31, 2018.

The investment rate of return was decreased from 7.00% to 6.75% for the valuation year ended December 31, 2017.

The investment rate of return was decreased from 7.25% to 7.00% and projected salary increases decreased from 5.75% to 5.25% for the valuation year ended December 31, 2015.

Other Information

WEST OUACHITA SEWERAGE DISTRICT NO. 5
West Monroe, Louisiana

Schedules of Changes in Restricted Assets
For the Years Ended August 31,

	2021				
	Customer Deposits	Bond and Interest Redemption	Revenue Bond Reserve	Depreciation and Contingency	Total
Balance - September 1, 2020	\$ 189,310	\$ 322,531	\$ 53,377	\$ 589,186	\$ 1,154,404
Add:					
Transfers/adjustments	-	7,129	-	68,903	76,032
Interest earned	189	195	53	624	1,061
Total funds available	189,499	329,855	53,431	658,713	1,231,497
Less:					
Principal and interest payment	-	(99,183)	-	-	(99,183)
Balance - August 31, 2021	\$ 189,499	\$ 230,672	\$ 53,431	\$ 658,713	\$ 1,132,314

	2020				
	Customer Deposits	Bond and Interest Redemption	Revenue Bond Reserve	Depreciation and Contingency	Total
Balance - September 1, 2019	\$ 189,119	\$ 115,889	\$ 53,319	\$ 430,631	\$ 788,959
Add:					
Transfers/adjustments	-	206,471	-	158,035	364,506
Interest earned	190	171	58	520	939
Total funds available	189,310	322,531	53,377	589,186	1,154,404
Less:					
Principal and interest payment	-	-	-	-	-
Balance - August 31, 2020	\$ 189,310	\$ 322,531	\$ 53,377	\$ 589,186	\$ 1,154,404

WEST OUACHITA SEWERAGE DISTRICT NO. 5
West Monroe, Louisiana

Schedule of Per Diem Paid Board Commissioners
For the Year Ended August 31, 2021

Board Member	June 30,	
	2021	2020
Fred Hall	\$ -	\$ 720
President, resigned 1/2021		
Don Leach	720	720
Treasurer until 1/2021, then President		
Ralph Owens	720	720
Vice President, resigned 12/2021		
Jeff Gover	720	-
Vice President as of 2/2022		
TOTAL	\$ 2,160	\$ 2,160

WEST OUACHITA SEWERAGE DISTRICT NO. 5
West Monroe, Louisiana

Schedule of Compensation, Benefits, and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended August 31, 2021

Agency Head Name: Ricky McMullen, District Manager

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 73,734
Benefits - Retirement	7,005
Benefits - Insurance	7,688
Vehicle provided by government	703
	<u>\$ 89,130</u>

WEST OUACHITA SEWERAGE DISTRICT NO. 5
West Monroe, Louisiana

Schedule Of Insurance Coverage

August 31, 2021

(Unaudited)

Property or Risk and Insurance Company	Insurance Type and Term	Maximum Coverage
Employees Safety National Casualty Corporation	Workers' Compensation 1/1/2021 to 1/1/2022	Statutory
Multi-Peril Intact Insurance	Comprehensive General Liability 1/1/2021 to 1/1/2022	\$3,000,000 - Aggregate \$1,000,000 - Per Occurrence
Vehicles Intact Insurance	Auto Liability 1/1/2021 to 1/1/2022	Combined Single Limit \$1,000,000
3 Commissioners and All Employees Intact Insurance	Fidelity Bond 1/1/2021 to 1/1/2022	\$100,000 Per Occurrence \$1,000 Deductible

This schedule, prepared from the policies, is intended only as a descriptive summary.

* Policy is covering the Ouachita Parish Police Jury, which includes and covers West Ouachita Sewerage District No. 5.

Report Required by Government Auditing Standards



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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***

Board of Commissioners
West Ouachita Sewerage District No. 5
West Monroe, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of West Ouachita Sewerage District No. 5 (the District) (a component unit of the Ouachita Parish Police Jury) as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

**Board of Commissioners
West Ouachita Sewerage District No. 5
West Monroe, Louisiana**

Compliance and Other Matters

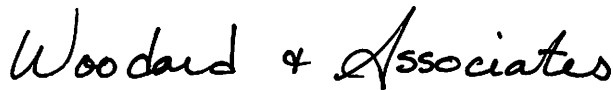
As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

The District’s Response to Findings

The District’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**(A Professional Accounting Corporation)
Monroe, Louisiana**

February 28, 2022

WEST OUACHITA SEWERAGE DISTRICT NO. 5

Monroe, Louisiana

Schedule of Findings and Questioned Costs

For the Year Ended August 31, 2021

We have audited the financial statements of the business-type activities of West Ouachita Sewerage District No. 5 (the District), as of and for the year ended August 31, 2021, and the related notes to the financial statement, which collectively comprise the basic financial statements and have issued our report thereon dated February 28, 2022. 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. Our audit of the financial statements as of August 31, 2021 resulted in an unmodified opinion.

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal Control over financial reporting

Material Weaknesses yes x no Significant Deficiency yes x no

Noncompliance material to financial statements x yes no

Section II - Findings related to the financial statements that are required to be reported under Government Auditing Standards.

2021-001 Noncompliance with General Bond Resolution Requirements

Criteria

In accordance with Louisiana Revised Statute §39:1410.62 and as per the covenants of the 2011 and 2019 DEQ bonds, the District should establish and maintain a Debt Service Fund sufficient in amount to pay promptly and fully the principal, interest, and fees as they become due. The District should transfer funds from the Revenue Fund to the Debt Service Fund monthly, on or before the 20th day, with a sum equal to at least 1/6th of the interest and administrative fees falling due on the next interest payment date, and a sum equal to at least 1/12th of the principal falling due on the next principal payment date. The District should also establish a Debt Service Reserve Fund containing separate accounts for each series of the Bonds. The District should transfer 20% of the reserve fund requirement, which is a sum equal to one-half of the principal and interest requirements for any succeeding bond year, each year so as to be fully funded by the fifth year following the delivery date.

Condition

The District did not comply with covenants of the General Bond Resolution with the Louisiana Department of Environmental Quality (LDEQ). The balances in the Debt Service Fund and the Debt Service Reserve Fund were underfunded by \$117,540 and \$77,882, respectively, for the year ended August 31, 2021.

WEST OUACHITA SEWERAGE DISTRICT NO. 5
Monroe, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2021

Cause

Internal controls did not ensure compliance with debt requirements.

Effect or potential effect

Noncompliance with Louisiana Revised Statute §39:1410.62 and General Bond Resolution Covenants could result in default.

Recommendations to Prevent Future Occurrences

The District should immediately transfer funds to fund the debt service funds and ensure that funds are maintained in compliance with the covenants and state law.

Management's Corrective Action Plan

We will transfer the funds immediately and have the consulting CPA make payments to those accounts monthly to ensure that all requirements are met moving forward.

WEST OUACHITA SEWERAGE DISTRICT NO. 5

Monroe, Louisiana

Summary Status of Prior Year Findings

For the Year Ended August 31, 2021

The following is a summary of the status of the prior year findings included in Woodard & Associates' audit report dated May 31, 2021, of the audit of the financial statements of West Ouachita Sewerage District No. 5 (the District) as of and for the year ended August 31, 2020.

There were no findings for the year ended August 31, 2020.