

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED

DECEMBER 31, 2021

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY
DECEMBER 31, 2021

CONTENTS

	<u>PAGE</u>
Accountants' Compilation Report.....	1-2
Basic Financial Statements:	
Statement of Net Position.....	3
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6-14
Supplemental Schedules:	
Schedule I - Schedule of Compensation, Benefits and Other Payments to Agency Head.....	15
Schedule II - Schedule of Compensation Paid to Board Members...	16
Schedule of Findings and Responses.....	17

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ACCOUNTANTS' COMPILATION REPORT

To the Board of Commissioners
North Monroe Subdivision Sewerage District #1
West Monroe, Louisiana

Management is responsible for the accompanying financial statements of the business-type activities of North Monroe Subdivision Sewerage District #1 as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Supplementary Information

The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head and Schedule of Compensation Paid to Board Members are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. The information was subject to our compilation engagement, but we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Boards 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.

Johnson Perry Roussel & Cuthbert, LLP

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
August 30, 2022

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021

ASSETS

	2021
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$ 44,830
Restricted Cash	91,700
Receivables (Net)	17,518
<u>TOTAL CURRENT ASSETS</u>	154,048
<u>NON-CURRENT ASSETS</u>	
Capital Assets	1,203,948
Less: Accumulated Depreciation	(665,174)
<u>TOTAL NON-CURRENT ASSETS</u>	538,774
<u>TOTAL ASSETS</u>	\$ 692,822

LIABILITIES AND NET POSITION

<u>CURRENT LIABILITIES</u>	
Accounts Payable and Accrued Expenses Payable	\$ 9,713
Revenue Bonds Payable-Current Portion	40,000
<u>TOTAL CURRENT LIABILITIES</u>	49,713
<u>NON-CURRENT LIABILITIES</u>	
Bonds Payable	325,000
<u>TOTAL NON-CURRENT LIABILITIES</u>	325,000
<u>TOTAL LIABILITIES</u>	374,713
<u>NET POSITION</u>	
Investment in Capital Assets, Net of Related Debt	173,774
Restricted for Debt Service	91,700
Unrestricted	52,635
<u>TOTAL NET POSITION</u>	318,109
<u>TOTAL LIABILITIES AND NET POSITION</u>	\$ 692,822

See Accountants' Compilation Report and accompanying notes.

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021
<u>OPERATING REVENUE</u>	
Service Income	\$ 155,535
Interest Income	14
	155,549
 <u>OPERATING EXPENSES</u>	
Billing Expense	21,641
Depreciation	29,527
Insurance	1,776
Laboratory Fees	4,695
Legal and Professional	6,526
Office Expense	188
Permit Fees	380
Maintenance and Repairs	115
Supervisory and Accounting	59,500
Utilities	3,202
	127,550
 <u>OPERATING INCOME (LOSS)</u>	 27,999
 <u>NON-OPERATING REVENUES (EXPENSES)</u>	
Bond Reg Fee	(5,100)
Bond Interest Expense	(16,880)
	(21,980)
 <u>CHANGE IN NET POSITION - INCREASE (DECREASE)</u>	 6,019
 <u>TOTAL NET POSITION - BEGINNING</u>	 312,090
 <u>TOTAL NET POSITION - ENDING</u>	 \$ 318,109

See Accountants' Compilation Report and accompanying notes.

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Cash Received from Customers	\$ 151,669
Cash Paid to Suppliers for Goods and Services	(29,018)
Cash Paid to Professionals for Services	(66,026)
	56,625
<u>CASH FLOWS FROM NON-CAPITAL AND FINANCING ACTIVITIES:</u>	
Bond Fee	(5,100)
Interest Paid	(17,395)
	(22,495)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Principal Paid on Bond Debt	(38,000)
	(38,000)
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	(3,870)
<u>CASH AND RESTRICTED CASH – BEGINNING</u>	140,400
<u>CASH AND RESTRICTED CASH – ENDING</u>	\$ 136,530
<u>RECONCILIATION OF CASH AND RESTRICTED CASH:</u>	
Cash	\$ 44,830
Restricted for Bond Funds	91,700
	\$ 136,530
<u>RECONCILIATION OF OPERATING INCOME TO NET</u>	
<u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	
Operating Income (Loss)	\$ 6,019
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation	29,527
Accounts Receivable	(3,880)
Interest and Bond Fee	22,495
Accounts Payable	2,979
Accrued Interest Payable	(515)
	56,625
Net Cash Flow Provided (Used) by Operating Activities	\$ 56,625

See Accountants' Compilation Report and accompanying notes.

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: ORGANIZATION:

The North Monroe Subdivision Sewerage District #1, (the District), a component unit of the Ouachita Parish Police Jury, was organized under provisions of Louisiana Revised Statute (LSA-RS) by the Ouachita Parish Police Jury in 1968. The following is a brief description of the operations of North Monroe Subdivision Sewerage District #1 and includes the parish in which the District is located:

The District is governed by a five-member board of commissioners who are appointed by the Ouachita Parish Police Jury and are responsible for providing sewer service to users within the boundaries of the District. The board is not compensated for its services. The District serves approximately 400 residential and 50 commercial customers. The District has no employees.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

A. Financial Statements

Governmental Accounting Standards Board Statement No 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local*

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

A. Financial Statements (Continued)

Governments, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of:

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

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

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

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

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the District are service fees. Operating expenses for enterprise funds

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

include the costs of the services, administrative expenses, and depreciation on capital assets. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses.

C. Deposits

Cash includes amounts in a demand deposit account. State law limits the District's credit risk by restricting the District's investments to collateralized certificates of deposits, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. Receivables

Receivables for sewer fees are generally shown net of an allowance for uncollectible accounts. These statements contain no provision for uncollectible accounts. The District is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole. Past due accounts are written-off when they are considered uncollectible by management.

E. Capital Assets

Capital assets, which include the sewerage system and improvements and equipment are reported in the enterprise fund financial statements. All of the District's capital assets are capitalized at historical cost. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E. Capital Assets (Continued)

asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

	<u>Estimated Lives</u>
Infrastructure - Sewerage System And Improvements	40 Years
Furniture and Equipment	5 - 10 Years

F. Estimates

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

G. Advertising

The District expenses advertising costs as they are incurred. Advertising expenses for the year ended December 31, 2021 were immaterial.

H. Revenue Recognition

The District distinguishes operating revenues and expenses from non-operating 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

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

H. Revenue Recognition (Continued)

District also recognizes as operating revenues the fees intended to recover the cost of connecting new customers to the system.

I. Estimates

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

J. Cash Flow Information

The District considers all short-term investments with a maturity of three months or less to be cash equivalents.

K. Restricted Cash

Restricted cash consists of amounts deposited in Whitney Bank, with a balance of \$91,700, held in a money market fund. These funds are restricted for debt service payments.

NOTE 3: RELATED PARTY TRANSACTIONS:

There were no related party transactions during the year ended December 31, 2021.

NOTE 4: FINANCIAL INSTRUMENT DISCLOSURE:

The District has checking accounts at a local financial institution. The accounts, in total, are insured by the Federal Deposit Insurance Corporation up to \$250,000.

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 4: FINANCIAL INSTRUMENT DISCLOSURE: (Continued)

Deposits in bank accounts are stated at cost, which approximates market value. Under state law these deposits 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 pledged securities are required to be held in the name of the pledging fiscal agent or custodial bank in the form of safekeeping receipts.

NOTE 5: RESTRICTED ASSETS:

Certain proceeds of the enterprise fund resources are set aside for specific payments and are classified on the balance sheet as restricted assets because their use is limited by applicable requirements. Restricted assets include:

Reserve Debt Service	58,569	Reserved for Bond Principal and Interest
Construction Fund	9,728	Reserved for Additional Construction
LA Debt Service Fund	<u>23,403</u>	To be Held and Kept by the Paying Agent
<u>Total Restricted Assets</u>	<u>91,700</u>	

The District's restricted assets at December 31, 2021 are reflected at \$91,700, and listed in the assets section on the Statement of Net Position as Restricted Cash.

Whitney Bank, as the administrator, has the funds restricted which are required by the bond agreement to maintain a sufficient amount in the Revenue Bond Sinking Fund to pay promptly and fully the principal and interest on the bonds as they come due and payable. These bonds will mature August 1, 2029.

NOTE 6: CAPITAL ASSETS:

A summary of Capital Assets at December 31, 2021, follows:

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 6: CAPITAL ASSETS: (Continued)

	12/31/2020	Additions	12/31/2021	
	<u>Balance</u>		<u>Balance</u>	
Sewerage System	1,181,083	-	1,181,083	
Furniture & Equipment	<u>22,865</u>	<u>-</u>	<u>22,865</u>	
Total	<u>1,203,948</u>	<u>-0-</u>	<u>1,203,948</u>	

	12/31/2020	Current	12/31/2021	
	<u>Accumulated</u>	<u>Depreciation</u>	<u>Accumulated</u>	<u>Net</u>
	<u>Depreciation</u>		<u>Depreciation</u>	
Accumulated Depreciation	<u>635,647</u>	<u>29,527</u>	<u>665,174</u>	<u>538,774</u>

NOTE 7: LONG-TERM LIABILITIES:

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2021:

	12/31/2020	Principal	12/31/2021	<u>Due Within</u>
<u>Bonds Payable</u>	<u>Balance</u>		<u>Balance</u>	
	403,000	38,000	365,000	10 Years

"Sewer Revenue and Refunding Bonds, Series 2013 of North Monroe Sewer District #1 of the Parish of Ouachita, State of Louisiana" (herein called the "Bonds") in the aggregate principal amount of \$648,000 issued under and in full compliance with the Constitution and Statutes of the State of Louisiana and, more particularly, Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended (the "Refunding Act"), and R.S. 39:1430 (R.S. 39:1430" and together with the Refunding Act, the "Act"), and under and pursuant to a resolution adopted on July 25, 2013, (the Bond Resolution) were issued for the purpose of refunding the remaining outstanding principal balance of the Issuer's \$522,000 Sewer Revenue Bonds Series 1999, (ii), the construction and acquisition of improvements, extensions, relocations and/or replacements to the system, (iii) funding a debt service reserve fund, and (iv) paying the cost of issuance in connection with the issuance of the Bonds (collectively referred to as the "Transaction").

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 7: LONG-TERM LIABILITIES: (Continued)

The Bonds are special and limited obligations of the Issuer payable from and secured as to payment of the principal and redemption price thereof; and interest thereon at 5.252%, in accordance with their terms and the provisions of the Bond Resolution the Net revenues to be derived from the operation of the System.

The Bonds maturing on and after August 1, 2029 may be callable for redemption at the option of the Issuer in full or in part at any time on or after August 1, 2023 at a redemption price equal to 102% of the principal amount of the Bonds to be redeemed plus accrued interest on the Bonds, if any, to the redemption date.

The annual requirements to amortize all long-term debt outstanding as of December 31, 2021, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Paid</u>	<u>Balance</u>
Beginning Balance 12/31/2021				365,000
2022	40,000	16,160	56,160	325,000
2023	41,000	14,760	55,760	284,000
2024	43,000	13,223	56,223	241,000
2025	44,000	11,503	55,503	197,000
2026	46,000	9,633	55,633	151,000
2027-2029	<u>151,000</u>	<u>15,627</u>	<u>166,627</u>	-0-
	<u>365,000</u>	<u>80,906</u>	<u>445,906</u>	

The fair value of the bond payable is estimated based on the current rates offered to the District for debt of the same remaining maturities. At December 31, 2021, the fair value of the bond payable approximates the amounts recorded in the financial statements.

NOTE 8: RISK MANAGEMENT:

The District is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets. The Ouachita Parish Police Jury is responsible for these liabilities.

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 9: SUBSEQUENT EVENTS:

The District evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through August 30, 2022, the date which the financial statements were available to be issued, and no additional subsequent events were noted.

SUPPLEMENTAL SCHEDULES

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
 A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
 FOR THE YEAR ENDED DECEMBER 31, 2021

AGENCY HEAD NAME/TITLE: JEFF MCNEW

<u>Purpose</u>	<u>Amount</u>
Salary	-0-
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-other (describe) Cell Phone	-0-
Benefits-other (describe)	-0-
Benefits-other (describe)	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference travel	-0-
Housing	-0-
Unvouchered expenses (example: travel advances, etc.)	-0-
Special meals	-0-
Other	-0-

No compensation of any kind is paid to any agency head, chief executive, board member, or anyone else in this entity.

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2021

The following schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Glen A. Yacher 108 Ray Drive Monroe, LA 71203	-0-
Herbert Manley - Commissioner 100 Bastrop Drive Monroe, LA 71203	-0-
Anita H. Jones - Commissioner 301 Ray Drive Monroe, LA 71203	-0-
Wade Jackson 320 Holly Ridge Monroe, LA 71203	-0-

NORTH MONROE SUBDIVISION SEWERAGE DISTRICT #1
A COMPONENT UNIT OF THE OUACHITA PARISH POLICE JURY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

2021-001

Criteria or Specific Requirement:	Under Louisiana Statute 24:513, North Monroe Subdivision Sewerage District #1 is required to submit a compilation of its annual financial statements to the Louisiana Legislative Auditor within six months of its year-end, December 31, 2021.
Type of Finding:	Noncompliance
Condition:	The compilation was not submitted by June 30, 2022.
Effect:	Noncompliance with state law regarding financial reporting.
Cause:	The District needed additional time to gather all documents necessary for reporting on new investment accounts.
Recommendation:	North Monroe Subdivision Sewerage District #1 should keep all accounting records up to date throughout the year.
Response:	Management agrees with the finding.