

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, 2020 and 2019

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

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For the Years Ended August 31, 2020 and 2019

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1100 North 18th Street, Suite 200
Monroe, LA 71201
T 318.387.2672 F 318.322.8866

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INDEPENDENT AUDITORS' 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, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the District'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of August 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 5 to the financial statements, Schedule of Expenditures of Federal Awards (SEFA), and the Notes to the SEFA, in September 2019 the District issued \$7,710,750 Louisiana Department of Environmental Quality (LDEQ) Sewer Revenue Bonds Series 2019. The LDEQ bond required the District to require a Single Audit and conform to and be in compliance with the matters discussed in the Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance by the Uniform Guidance. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information (Part A and Part B)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8, Schedule of Change in Total OPEB Liability and Related Ratios on page 35; the Schedule of Employer's Proportionate Share of Net Pension Liability on page 36; and the Schedule of Employer Contributions to Pension Plans on page 37 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 Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying financial information listed as Other Supplemental Information, Schedules 4 and 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The Schedule of Changes in Restricted Assets – Schedule 4, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer – Schedule 5, 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 information referred to in the first sentence of this paragraph is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying financial information listed as The Schedule of Insurance Coverage, Schedule 6, listed as Other Information in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2021 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

May 31, 2021

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, 2020 and 2019

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, 2020 and 2019. 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 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, 2020 and 2019

	2020	2019	% Change
Assets:			
Current and other assets	\$ 12,113,517	\$ 9,361,077	29.40%
Restricted assets	1,154,405	788,958	46.32%
Capital assets, net of depreciation	22,638,702	15,843,679	42.89%
Total assets	<u>35,906,624</u>	<u>25,993,714</u>	<u>38.14%</u>
Deferred outflows of resources	<u>215,938</u>	<u>236,481</u>	<u>-8.69%</u>
Liabilities:			
Current liabilities	1,530,623	775,739	97.31%
Current liabilities payable from restricted assets	672,750	302,835	122.15%
Noncurrent liabilities	8,818,257	2,353,953	274.61%
Total liabilities	<u>11,021,630</u>	<u>3,432,527</u>	<u>221.09%</u>
Deferred inflows of resources	<u>158,517</u>	<u>28,614</u>	<u>453.98%</u>
Net Position:			
Net investment in capital assets	13,560,906	14,137,179	-4.08%
Restricted net position – debt service	954,405	588,079	62.29%
Unrestricted net position	<u>11,099,854</u>	<u>8,346,631</u>	<u>32.99%</u>
Total net position	<u>\$ 25,615,165</u>	<u>\$23,071,889</u>	<u>11.02%</u>

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Management's Discussion and Analysis
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The total net position of the District at August 31, 2020 was \$25,615,165. Net position can be separated into three categories: Net investment in capital assets, restricted net position, and unrestricted net position.

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 \$22,638,702 consists of capital assets at original cost of \$42,188,906 less depreciation of \$19,550,204 and related debt of \$8,749,713. Accumulated depreciation of \$19,550,204 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,

	<u>2020</u>	<u>2019</u>	<u>% Change</u>
Operating income	\$ 5,919,136	\$ 6,263,029	-5.49%
Operating expenses	<u>3,249,535</u>	<u>3,678,684</u>	-11.67%
Operating income (loss)	2,669,601	2,584,345	3.30%
Non-operating income and expense	<u>(126,325)</u>	<u>51,587</u>	-344.88%
Increase (decrease) in net position	<u>\$ 2,543,276</u>	<u>\$ 2,635,932</u>	-3.52%

In 2020, the District's expenses decreased by \$429,149 mostly due to the elimination of a one-time bad debt write-off in the prior year.

Non-operating income and expense decreased by \$177,912 largely due to the disposal of old inventory.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2020 and 2019, the District had \$42,188,906 and \$34,804,344, respectively, invested in capital assets including buildings and improvements, furniture and fixtures, equipment, vehicles, infrastructure, and land, less accumulated depreciation of \$19,550,204 and \$18,960,665, respectively (See table on next page).

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Management's Discussion and Analysis
 For the Years Ended August 31, 2020 and 2019

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

	August 31,	
	<u>2020</u>	<u>2019</u>
Building and improvements	\$ 416,636	\$ 416,636
Furniture and fixtures	10,858	10,858
Equipment	578,707	578,707
Vehicles	366,916	296,624
Infrastructure	28,213,256	28,169,675
Construction in progress	12,103,755	4,833,066
Land	498,778	498,778
Total	<u>42,188,906</u>	<u>34,804,344</u>
Accumulated depreciation	<u>(19,550,204)</u>	<u>(18,960,665)</u>
Net capital assets	<u>\$ 22,638,702</u>	<u>\$ 15,843,679</u>

Major additions to capital assets for fiscal year 2020 consisted primarily of ongoing construction for the relocation of sewer lines, mains, and manholes associated with the expansion of the system into the Steep Bayou, West Park, and other subdivisions.

Debt

As of August 31, 2020 and 2019, the District's outstanding debt of \$9,324,757 and \$2,476,953, respectively, consisted of the following:

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

	August 31,	
	<u>2020</u>	<u>2019</u>
Bonds payable	\$8,658,296	\$ 1,615,804
Due to other governments	419,500	419,500
OPEB liability	244,611	215,121
Pension (asset) liability	2,350	227,248
	<u>\$9,324,757</u>	<u>\$ 2,476,953</u>

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.

WEST OUACHITA SEWERAGE DISTRICT NO. 5
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The District entered into a contract in December 2016 for the relocation and adjustment of sewer collection lines and force mains along Arkansas Road (LA 616) which is being widened and reconstructed by the Louisiana Department of Transportation and Development. The total cost of this construction contract is expected to be \$2,172,289 of which the District expects to receive reimbursement of approximately \$2,007,413. The project is substantially complete, and the full amount of anticipated reimbursement should be received during fiscal year 2020.

To date the District has eliminated four package sewer treatment plants and two oxidation lagoon treatment facilities. The District has four package sewer treatment plants remaining within the current boundaries of WOSD No. 5 and is actively working on plans to eliminate these remaining package sewer treatment plants.

On June 21, 2019 the District closed on a LDEQ Clean Water Revolving Loan Fund loan of \$7,710,750 for construction of eight projects to increase capacity of the District's collection and transportation system to deliver domestic wastewater to the West Monroe Regional Wastewater Treatment Facility and Sparta Water Recovery Facility.

The projects to be constructed with the LDEQ-CWRLF Loan which have been awarded to the lowest bidder are as follows:

006) Construct a section of 20" diameter PVC C-900 force main from Lift Station "S-1" to the Ouachita River Flood Protection Levee.
L & A, Inc. Project No. 17E036.01
The lowest bid was \$1,072,553.

Other projects to be constructed with the LDEQ-CWRLF Loan which have not yet been awarded are as follows:

007) Construct a 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. This segment of force main extends from the Ouachita River Flood Protection Levee to the meter station on the levee of the West Monroe Regional Wastewater Treatment Plant along with the construction of a 20" C-900 force main extending the Lift Station "S-1" force main from the Ouachita River Flood Protection Levee to the back flow preventer on the levee of the West Monroe Regional Wastewater Treatment Plant.
L & A, Inc. Project No. 15E041.01 (Bid delayed from November 2019 due to project delays and COVID-19). Estimated Cost \$800,000.

008) Construct a new 24" C-900 PVC sewer force main from New Natchitoches Road to Edward Road along Washington Street. This is the last segment of the Lift Station "N" force main consisting of 18" ductile iron to be replaced.
L & A, Inc. Project No. 15E040.01 (Bid delayed from December 2019 due to project delays and COVID-19). Estimated Cost of \$600,000.

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Management's Discussion and Analysis
For the Years Ended August 31, 2020 and 2019

In January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time.

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>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,642,749	\$ 7,458,113
Accounts receivable - customers (Net of allowance for bad debts of \$28,229 & \$15,213 for 2020 and 2019, respectively)	705,078	655,092
Due from third party collector	513,893	417,997
Due from other governments	1,123,906	697,793
Inventory	117,474	122,217
Prepaid insurance	10,417	9,865
Total current assets	<u>12,113,517</u>	<u>9,361,077</u>
Noncurrent assets		
Restricted assets		
Cash and cash equivalents - customer deposits	189,310	189,119
Cash and cash equivalents - debt service	965,095	599,839
Total restricted assets	<u>1,154,405</u>	<u>788,958</u>
Capital assets		
Buildings and improvements	416,636	416,636
Furniture and fixtures	10,858	10,858
Equipment	578,707	578,707
Vehicles	366,916	296,624
Lines, mains and manholes	19,963,138	19,963,138
Lift station - pumps	2,046,719	2,003,138
Lift station - structures	2,443,763	2,443,763
Treatment plant	2,394,694	2,394,694
Treatment plant - Sparta water reuse project	1,364,942	1,364,942
Total	<u>29,586,373</u>	<u>29,472,500</u>
Less: Accumulated depreciation	(19,550,204)	(18,960,665)
Net depreciable assets	10,036,169	10,511,835
Construction in progress	12,103,755	4,833,066
Land	498,778	498,778
Total capital assets	<u>22,638,702</u>	<u>15,843,679</u>
Total noncurrent assets	<u>23,793,107</u>	<u>16,632,637</u>
Total assets	<u>35,906,624</u>	<u>25,993,714</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows on pensions	61,836	193,387
Deferred outflows on other post-employment benefits	154,102	43,094
Total deferred outflows of resources	<u>215,938</u>	<u>236,481</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>2020</u>	<u>2019</u>
LIABILITIES		
Current liabilities		
Payable from current assets		
Accounts and retainage payable	\$ 781,125	\$ 429,167
Accrued payroll and benefits	16,248	13,737
Due to other governments - current portion	60,500	30,000
Total payable from current assets	<u>857,873</u>	<u>472,904</u>
Payable from restricted assets		
Bonds payable / current portion	446,000	93,000
Accrued interest payable	10,690	11,760
Customer deposits	216,060	198,075
Total payable from restricted assets	<u>672,750</u>	<u>302,835</u>
Total current liabilities	<u>1,530,623</u>	<u>775,739</u>
Noncurrent liabilities		
Due to other governments	359,000	389,500
Bonds payable (Note 5)	8,212,296	1,522,084
Net pension liability	2,350	227,248
Other post employment benefits payable	244,611	215,121
Total noncurrent liabilities	<u>8,818,257</u>	<u>2,353,953</u>
Total liabilities	<u>10,348,880</u>	<u>3,129,692</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on pensions	118,442	27,908
Deferred inflows on other post-employment benefits	40,075	706
Total deferred inflows of resources	<u>158,517</u>	<u>28,614</u>
NET POSITION		
Net investment in capital assets	13,560,906	14,137,179
Restricted net position - debt service	954,405	588,079
Unrestricted net position	11,099,854	8,346,631
Total net position	<u>\$ 25,615,165</u>	<u>\$ 23,071,889</u>

WEST OUACHITA SEWERAGE DISTRICT NO. 5

West Monroe, Louisiana

**Statements Of Revenues, Expenses
And Changes In Net Position
For the Years Ended**

	<u>August 31,</u>	
	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Sewerage fees	\$ 5,801,084	\$ 6,158,076
Inspection fees	15,050	18,650
Miscellaneous	103,002	86,303
Total operating revenues	<u>5,919,136</u>	<u>6,263,029</u>
OPERATING EXPENSES		
Advertising	668	429
Bad debt expense	28,646	407,906
Collection expense	114,000	104,500
Commissioners' fees	2,160	-
Depreciation and Amortization (Note 4)	589,539	824,826
Dues and subscriptions	950	1,091
Gas and oil	34,441	26,727
Insurance	100,912	150,978
Maintenance and repairs	219,765	291,754
Miscellaneous	22,214	250
Office expense	15,194	10,696
Payroll taxes	4,847	4,707
Pension and retirement	41,974	74,535
Postage	440	320
Professional fees	228,321	203,038
Salaries and wages	327,714	312,659
Telephone	8,576	7,802
Travel	-	-
Treatment plant operations	1,334,832	1,071,640
Utilities	174,342	184,826
Total operating expenses	<u>3,249,535</u>	<u>3,678,684</u>
Operating income (loss)	2,669,601	2,584,345
NONOPERATING REVENUES (EXPENSES)		
Interest earned	9,959	7,269
Franchise fees	20,587	59,463
Loss on sale of disposals	(144,486)	-
Interest expense	(12,385)	(15,145)
Total Non-operating income	<u>(126,325)</u>	<u>51,587</u>
Changes in net position	2,543,276	2,635,932
Net position at beginning of year, as originally reported	<u>23,071,889</u>	<u>20,435,957</u>
Net position at end of year	<u>\$ 25,615,165</u>	<u>\$ 23,071,889</u>

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

WEST OUACHITA SEWERAGE DISTRICT NO. 5

West Monroe, Louisiana

**Statements of Cash Flows
For the Years Ended**

	<u>August 31,</u>	
	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Receipts from customers	\$ 5,675,221	\$ 6,189,708
Other revenue	103,002	86,303
Payment to suppliers	(1,799,888)	(2,271,209)
Payment for employee services	(126,948)	(726,217)
Net cash provided by operating activities	<u>3,851,387</u>	<u>3,278,585</u>
Cash flows from noncapital financing activities		
Franchise fee	<u>20,587</u>	<u>59,463</u>
Net cash provided by noncapital financing activities	<u>20,587</u>	<u>59,463</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(7,384,562)	(1,630,489)
Cash received from DEQ loan	7,112,296	-
Cash received from capital and operating grants	(950,129)	328,084
Principal paid on bonds	(96,000)	(123,000)
Interest paid on bonds	(13,455)	(9,559)
Net cash used by capital and related financing activities	<u>(1,331,850)</u>	<u>(1,434,964)</u>
Cash flows from investing activities		
Interest received	<u>9,959</u>	<u>7,269</u>
Net cash provided by investing activities	<u>9,959</u>	<u>7,269</u>
Net increase (decrease) in cash and cash equivalents	2,550,083	1,910,353
Cash and cash equivalents at beginning of year	<u>8,247,071</u>	<u>6,336,718</u>
Cash and cash equivalents at end of year	<u>\$ 10,797,154</u>	<u>\$ 8,247,071</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>2020</u>	<u>2019</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 2,669,601	\$ 2,584,345
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	589,539	824,826
Bad debts	28,646	407,906
Accounts receivable	(63,002)	28,946
Due from third party collector	(95,896)	(14,899)
Inventories	4,743	(8,306)
Prepaid insurance	(552)	(774)
Accounts and retainage payable	351,958	(208,078)
Accrued payroll and benefits	2,511	2,401
Pension liability adjustments	446,983	(416,890)
Other post employment benefits	(101,129)	80,173
Customer deposits	17,985	(1,065)
Net cash provided by operating activities	<u>\$ 3,851,387</u>	<u>\$ 3,278,585</u>
Cash and cash equivalents on the balance sheet as		
Current assets		
Cash and cash equivalents	\$ 9,642,749	\$ 7,458,113
Restricted assets		
Cash and cash equivalents	<u>1,154,405</u>	<u>788,958</u>
Total cash and cash equivalents	<u>\$ 10,797,154</u>	<u>\$ 8,247,071</u>
Supplemental disclosure of noncash operating activities		
Other post-employment benefits	<u>\$ 244,611</u>	<u>\$ 215,121</u>
Pensions	<u>\$ 2,350</u>	<u>\$ (280,090)</u>

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

West Monroe, Louisiana

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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 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:

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.

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The District provided services to 9,518 residential customers and 443 institutional and industrial customers at August 31, 2020.

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. As of August 31, 2020 and 2019, the allowance for doubtful accounts was \$28,229 and \$15,213, respectively.

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.

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 market 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.

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.

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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 weeks per year
10 – 19 years	3 weeks per year
After 20 years	4 weeks 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. The financial statements do not include any accruals for compensated absences because the amount cannot be reasonably estimated because the amounts are of not a significant nature.

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, 2020, the District has cash and cash equivalents totaling \$10,797,154 with \$10,797,059 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

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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, 2020 are secured as follows:

	August 31,	
	<u>2020</u>	<u>2019</u>
Bank balances	<u>\$ 10,869,346</u>	<u>\$ 8,714,626</u>
Federal deposit insurance	\$ 250,000	\$ 250,000
Pledged securities	<u>11,393,312</u>	<u>8,610,052</u>
Total	<u>\$11,643,312</u>	<u>\$ 8,860,052</u>

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

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

	August 31,	
	<u>2020</u>	<u>2019</u>
Receivables billed to customers	\$ 486,703	\$ 410,305
Unbilled revenues	<u>246,605</u>	<u>260,000</u>
Gross accounts receivable	733,308	670,305
Less: allowance for uncollectibles	<u>(28,229)</u>	<u>(15,213)</u>
Net total receivables	<u>\$ 705,079</u>	<u>\$ 655,092</u>

Due from a third-party collector consists of funds received from customers by the billing company but not yet received by the District. Accordingly, these are given as a separate line and not included in accounts receivable – customers. Due from a third-party collector consists of \$513,893 and \$417,997 at August 31, 2020 and August 31, 2019, respectively. Due from other governments consists of \$1,123,906 and \$697,793 at August 31, 2020 and 2019, respectively.

Note 4 - Changes in Capital Assets

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

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	Balance 9/1/2019	Additions	Deletions/ Transfers	Balance 8/31/2020
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	1,364,942	-	-	1,364,942
Total Depreciable Assets	29,472,500	113,873	-	29,586,373
Less Accumulated Depreciation	(18,960,665)	(589,539)	-	(19,550,204)
Net Depreciable Assets	10,511,835	(475,665)	-	10,036,169
Net Capital Assets	\$ 15,843,679	\$ 6,795,024	\$ -	\$ 22,638,702

The changes in capital assets for year ended August 31, 2019 are as follows:

	Balance 9/1/2018	Additions	Deletions/ Transfers	Balance 8/31/2019
Nondepreciable assets:				
Land	498,078	700	-	498,778
Construction In Progress	\$ 3,344,467	\$ 1,671,871	\$ (183,272)	\$ 4,833,066
Total Nondepreciable Assets	3,842,545	1,671,871	(183,272)	5,331,844
Depreciable Assets:				
Buildings and Improvements	416,636	-	-	416,636
Furniture and Fixtures	10,858	-	-	10,858
Equipment	573,221	39,262	(33,776)	578,707
Vehicles	296,624	-	-	296,624
Lines, Mains, Manholes	19,850,247	112,891	-	19,963,138
Lift Station Pumps	1,983,260	19,878	-	2,003,138
Lift Station Structures	2,443,763	-	-	2,443,763
Treatment Plant	2,353,573	41,121	-	2,394,694
Treatment Plant - Sparta	1,364,942	-	-	1,364,942
Total Depreciable Assets	29,293,124	213,152	(33,776)	29,472,500
Less Accumulated Depreciation	(18,169,615)	(824,826)	33,776	(18,960,665)
Net Depreciable Assets	11,123,509	(611,674)	-	10,511,835
Net Capital Assets	\$ 14,966,054	\$ 1,060,197	\$ (183,272)	\$ 15,843,679

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Depreciation of \$589,539 and \$824,826 was expensed for 2020 and 2019, respectively.

Note 5 - Long-Term Obligations

The following is a summary of long-term obligation transactions for the years ended August 31, 2020 and 2019:

Long-term Obligations	Balance August 31, 2019	Additions	Deductions	Balance August 31, 2020	Due Within One Year
Bonds payable	\$ 1,615,084.00	\$ 7,136,212	\$ (93,000)	\$ 8,658,296	\$ 446,000
Due to other governments (See Note 7)	419,500.00	-	-	419,500	60,500
OPEB	215,121.00	29,490	-	244,611	-
Pensions	227,248.00	-	(224,898)	2,350	-
Total	\$ 2,476,953	\$ 7,165,702	\$ (317,898)	\$ 9,324,757	\$ 506,500

Long-term Obligations	Balance August 31, 2018	Additions	Deductions	Balance August 31, 2019	Due Within One Year
Bonds payable	\$ 1,380,000	\$ 328,084	\$ (93,000)	\$ 1,615,084	\$ 93,000
Due to other governments (See Note 7)	449,500	-	(30,000)	419,500	30,500
OPEB	177,900	37,221	-	215,121	-
Pensions	(52,842)	280,090	-	227,248	-
Total	\$ 1,954,558	\$ 645,395	\$ (123,000)	\$ 2,476,953	\$ 123,500

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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	Principal	Interest	Total
August 31,	Payments	Payments	
2020	Payments	Payments	Total
2021	94,000	10,897	104,897
2022	95,000	9,999	104,999
2023	96,000	9,092	105,092
2024	97,000	8,175	105,175
2025-2028	300,000	18,929	318,929
2029-2032	414,000	11,828	425,828
Total	<u>1,096,000</u>	<u>68,920</u>	<u>1,164,920</u>

The DEQ loan agreement provides for the establishment of the following bank accounts:

“Sewer Revenue Bond Debt Service Fund” - The Series 2011 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, 2020, the balance in the Sewer Revenue Bond Debt Service Fund was \$222,860.

“Sewer Revenue Bond Debt Service Reserve Fund” - The agreement for the Series 2011 DEQ bond provides 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, 2020, the balance in the Sewer Revenue Bond Debt Service Reserve Fund was \$53,377.

“Depreciation and Contingency Fund” - The agreement for the 2011 DEQ bond provides that, on or before the 20th day of each month of each year, a sum equal to five (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 and need be resumed only if the total amount of money on deposit is reduced below \$500,000. As of August 31, 2019, the balance in the Depreciation and Contingency Fund was \$589,186.

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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 year of August 31, 2019, two draws had been made on the loan totaling \$328,084. During the fiscal year 2020, the District drew \$7,136,203.

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

Year Ending August 31,	Principal Payments	Interest Payments	Total
2021	352,000	71,580	423,580
2022	355,000	68,222	423,222
2023	359,000	64,830	423,830
2024	362,000	61,406	423,406
2025-2032	3,022,000	364,088	3,386,088
2033-2040	3,260,750	125,454	3,386,204
Total	7,710,750	755,580	8,466,330

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 contained a renewal option for one additional 15 year term, which was renewed on August 1, 2009. 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 \$1,334,832 and \$1,071,640 for the years ended August 31, 2020 and 2019, respectively. The agreement also provides for the sharing of costs to upgrade the facility during the term of the lease. The District did not incur any capital upgrading costs for the years ended August 31, 2020 and 2019. 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

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\$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
2021	\$ 31,000	\$ 3,840	\$ 34,840
2022	31,000	3,548	34,548
2023	31,500	3,254	34,754
2024	31,500	2,957	34,457
2025-2028	139,500	8,831	148,331
2029-2032	134,500	962	135,462
Total	<u>\$ 399,000</u>	<u>\$ 23,392</u>	<u>\$ 422,392</u>

Note 8 - Parochial Employees' Retirement System of Louisiana

Plan Description

Parochial Employees' Retirement System of Louisiana (the System or PERS) 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 10 years of service, at or after age 55 with 25 years of service, or with 30 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 7 years of experience, age 62 with 10 years of experience or age 55 with 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 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.

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.

Any member of Plan A, who is eligible for normal retirement a time of death, the surviving spouse 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

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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, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility. Delayed participation reduces the three-year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account.

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 DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan 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 PERS, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of the Plan must agree that the benefits payable to the participant are not the obligations of the state or PERS, and that any returns and other rights of the Plan 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 have at least five years of creditable service or if hired after January 1, 2007, have seven years of creditable service, and are not eligible for normal retirement and have 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 three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

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 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 sixty-five equal to 2% of the member's benefit paid on October 1, 1977 (or the member's retirement date, if later). Also, the

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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.

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the period from September 1, 2019 to December 31, 2019 and for the period from January 1, 2020 to August 31, 2020, the actuarially determined contribution rates were 12.18% and 11.11%, respectively, of member's compensation for Plan A. However, the actual rates for those periods were 11.50% and 12.25%, respectively. Contributions to the pension plan from the District were \$38,923 for the year ended August 31, 2020.

According to state statute, the System also receives $\frac{1}{4}$ 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, 2020, the Employer reported a liability of \$2,350 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net Pension Liability 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, 2019, the District's proportion was 0.049914%, which was a decrease of 0.001287% from its proportion measured as of December 31, 2018.

For the year ended August 31, 2020, the District recognized pension expense of \$42,896 plus the District's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions of (\$42,883).

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

The \$25,066 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended August 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources	2019 Deferred Outflows of Resources	2019 Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 21,035	\$ -	\$ 13,845
Changes in assumptions	32,816	-	56,820	-
Net difference	-	88,078	108,785	-
Changes in Employer	1,639	8,481	2,715	13,215
	27,381	-	25,066	-
Total	<u>\$ 61,836</u>	<u>\$ 117,594</u>	<u>\$ 193,386</u>	<u>\$ 27,060</u>

The \$27,381 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, 2021. 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:

2020	\$ (20,464)
2021	\$ (24,612)
2022	\$ 1,595
2023	\$ (39,658)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2019, the valuation date, are as follows:

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Actuarial cost method	Entry Age Normal
Expected remaining service lives	4 years
Investment rate of return	6.50% 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 value does 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 6.50% 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 asset.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM 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 and an adjustment for the effect of rebalancing/diversification.

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

West Monroe, Louisiana

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August 31, 2020 and 2019

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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	35%	1.22%
Equity	52%	3.45%
Alternatives	11%	0.65%
Real Assets	2%	0.11%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.43%

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. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For disabled annuitants, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

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 6.50%, as well as what the Employer's proportionate share of the Net Pension Asset would be if it were calculated using a discount rate that is one percentage-point lower (5.50%) or one percentage-point higher (7.50%) than the current rate:

	1.0% Decrease (5.50%)	Current Discount Rate (6.50%)	1.0% Increase (7.50%)
Employer's proportionate share of the net pension liability	\$ 253,957	\$ 2,350	\$ (208,492)

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

West Monroe, Louisiana

Notes to the Financial Statements

August 31, 2020 and 2019

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, 2019, the District recognized revenue as a result of support received from non-employer contributing entities of \$3,913 for its participation in PERS.

Payables to the Pension Plan

At August 31, 2020, the District had \$12,026 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, 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.

Employees covered by benefit terms. 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	<u>7</u>
Total	<u>9</u>

Total OPEB Liability

The District's total OPEB liability of \$244,611 was measured as of August 31, 2020 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, 2020 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	2.63%
Health care cost trend rates	The expected rate of increase in health insurance premiums was based on the Society of Actuaries'

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

West Monroe, Louisiana

Notes to the Financial Statements

August 31, 2020 and 2019

Getzen Model (updated for 2019). The initial rates of 2.80% and 7.11% in the first two years are based on actual increases in premiums. Beginning in the third year, a rate of 7.25% initially, reduced to an ultimate rate of 3.94% after 55 years, was used.

The discount rate was based on the 8/31/2020 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-2019.

The actuarial assumptions used in the August 31, 2020 valuation were based on those used in the Parochial Employees' Retirement System of Louisiana valuation and actuarial experience.

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at August 31, 2019	\$ <u>215,120</u>
Changes for the year:	
Service cost	12,911
Interest	5,590
Differences between expected and actual	84,186
Changes in assumptions / inputs	(42,684)
Change in benefit terms	-
Benefit payments	(30,512)
Administrative expense	-
Net changes	<u>29,491</u>
Balance at August 31, 2020	\$ <u><u>244,611</u></u>

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 (1.33%) and one percentage point higher (3.33%) than the current discount rate (2.33%).

	1% Decrease 1.33%	Discount Rate 2.33%	1% Increase 3.33%
Total OPEB liability	\$ 262,385	\$ 244,611	\$ 229,445

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

West Monroe, Louisiana

Notes to the Financial Statements

August 31, 2020 and 2019

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 6.12%	Current Trend Rate 7.12%	1% Increase 8.12%
Total OPEB liability	\$ <u>217,570</u>	\$ <u>244,611</u>	\$ <u>280,367</u>

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

For the year ended August 31, 2020, the District recognized OPEB expense of \$30,751. At August 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 98,387	\$ 565
Changes of assumptions	<u>12,621</u>	<u>38,804</u>
Total	<u>\$ 111,008</u>	<u>\$ 39,369</u>

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 June 30,	Amount
2021	\$ 12,250
2022	12,250
2023	12,250
2024	12,250
2025	3,773
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 at year-end for the meetings that were attended during

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

West Monroe, Louisiana

Notes to the Financial Statements

August 31, 2020 and 2019

the year. Amounts due to board members for meetings attended during the year ended August 31, 2020 were as follows:

Commissioner	Regular Meetings	Special Meetings	Compensation
Fred Hall - President	12	2	\$ 770
Ralph Owens - Vice President	12	2	770
Don Leach - Secretary/Treasurer	12	2	770
Total			\$ 2,310

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 \$20,587 and \$59,463 for the years ended August 31, 2020 and 2019, 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 2020 and 2019 the District paid the Police Jury \$171,044 and \$156,919, 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. These funds had \$3,554,090 and \$6,251,126 in net position as of December 31, 2020 and 2019, respectively. The District contributed \$57,448 and \$70,059 into the fund during the years ended August 31, 2020 and 2019, 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 \$410,305 after applying the security deposits of \$216,060.

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

Notes to the Financial Statements
August 31, 2020 and 2019

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

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has 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. This has caused the District's traveling and projects to be limited during the fiscal year. At this point, we cannot reasonably estimate the duration and severity of this pandemic. The outbreak presents uncertainty and risk with respect to the District, its performance relating to their projects and its financial results. 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- Subsequent Events

The District has evaluated subsequent events through May 31, 2021, 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 18- 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 December 15, 2019. The District will include the requirements of this standard, as applicable, in its August 31, 2021 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

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

West Monroe, Louisiana

Notes to the Financial Statements

August 31, 2020 and 2019

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, 2019. The District will include the requirements of this standard, as applicable, in its August 31, 2021 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 Year Ended August 31,
(Unaudited)

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

Changes of assumptions and other inputs.

The following are the discount rates used in each period:

2020	2.33%
2019	2.63%
2018	3.69%

Mortality Rates

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	RPH-2014 Employee and Healthy Annuity, 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 Year 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>					
2019	0.049914%	\$ 2,350	\$ 309,870	1%	99.9%
2018	0.051201%	\$ 227,248	\$ 329,878	68.9%	88.9%
2017	0.071192%	\$ (52,842)	\$ 397,024	-13.3%	98.1%
2016	0.068026%	\$ 140,100	\$ 317,095	44.2%	98.1%
2015	0.061655%	\$ 162,294	\$ 280,466	57.9%	92.2%
2014	0.061672%	\$ 16,862	\$ 300,643	5.6%	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 Year 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>
<u>Parochial Employees Retirement System of Louisiana</u>					
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, 2020

Changes of Benefit Terms include:

There were no changes in benefit terms for the year ended August 31, 2019

Changes of Assumptions

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.

OTHER SUPPLEMENTARY INFORMATION

WEST OUACHITA SEWERAGE DISTRICT NO. 5
West Monroe, Louisiana

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

	2020				
	Customer Deposits	Bond and Interest Redemption	Revenue Bond Reserve	Depreciation and Contingency	Total
Balance - September 1, 2019	\$ 189,119	\$ 115,889	\$ 53,320	\$ 430,630	\$ 788,958
Add:					
Transfers/adjustments	-	106,800	-	158,035	264,835
Interest earned	190	171	58	520	939
Total funds available	<u>189,309</u>	<u>222,860</u>	<u>53,378</u>	<u>589,185</u>	<u>1,054,732</u>
Less:					
Principal and interest payment	<u>-</u>	<u>(99,672)</u>	<u>-</u>	<u>-</u>	<u>(99,672)</u>
Balance - August 31, 2020	<u>\$ 189,309</u>	<u>\$ 123,188</u>	<u>\$ 53,378</u>	<u>\$ 589,185</u>	<u>\$ 955,060</u>

	2019				
	Customer Deposits	Bond and Interest Redemption	Revenue Bond Reserve	Depreciation and Contingency	Total
Balance - September 1, 2018	\$ 188,931	\$ 108,575	\$ 53,271	\$ 319,846	\$ 670,623
Add:					
Transfers/adjustments	-	106,800	-	110,413	217,213
Interest earned	188	69	49	371	677
Total funds available	<u>189,119</u>	<u>215,444</u>	<u>53,320</u>	<u>430,630</u>	<u>888,513</u>
Less:					
Principal and interest payment	<u>-</u>	<u>(99,555)</u>	<u>-</u>	<u>-</u>	<u>(99,555)</u>
Balance - August 31, 2019	<u>\$ 189,119</u>	<u>\$ 115,889</u>	<u>\$ 53,320</u>	<u>\$ 430,630</u>	<u>\$ 788,958</u>

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 30, 2020

Agency Head Name: Ricky McMullen, District Manager

Purpose	Amount
Salary	\$ 71,007
Benefits - Retirement	6,677
Benefits - Insurance	6,176
Vehicle provided by government	708
	<u>\$ 84,568</u>

OTHER INFORMATION

WEST OUACHITA SEWERAGE DISTRICT NO. 5
West Monroe, Louisiana

Schedule Of Insurance Coverage
August 31, 2020
(Unaudited)

Property or Risk and Insurance Company	Insurance Type and Term	Maximum Coverage
Employees Safety National Casualty Corporation	Workers' Compensation 1/1/2020 to 1/1/2021	Statutory
Multi-Peril Traveler's Indemnity Company	Comprehensive General Liability 1/1/2020 to 1/1/2021	\$3,000,000 - Aggregate \$1,000,000 - Per Occurrence
Vehicles Atlantic Specialty Insurance Company	Auto Liability 1/1/2020 to 1/1/2021	Combined Single Limit \$1,000,000
Commissioners and Employees Atlantic Specialty Insurance Company	Fidelity Bond 1/1/2020 to 1/1/2021	\$100,000 Per Occurrence \$1,000 Deductible

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

Policies are covering the Ouachita Parish Police Jury, which includes and covers West Ouachita Sewerage District No. 5.

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS



1100 North 18th Street, Suite 200
Monroe, LA 71201
T 318.387.2672 F 318.322.8866

Keeping you on course!

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

**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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 31, 2021.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 to those in charge of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

May 31, 2021



1100 North 18th Street, Suite 200
Monroe, LA 71201
T 318.387.2672 F 318.322.8866

Keeping you on course!

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE***

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

Report on Compliance for Each Major Federal Program

We have audited West Ouachita Sewerage District No. 5 (the District) (a component unit of the Ouachita Parish Police Jury) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Board of Directors
West Ouachita Sewerage District No. 5
West Monroe, Louisiana
Opinion on Each Major Federal Program

In our opinion, West Ouachita Sewerage District No. 5 (a component unit of the Ouachita Parish Police Jury) complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Woodard + Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

May 31, 2021

WEST OUACHITA SEWERAGE DISTRICT NO. 5
West Monroe, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA No.	Grants Period	Pass-Through Grantor ID No.	2020 Expenditures
Environmental Protection Agency				
Passed Through Louisiana Department of Environmental Quality				
Capitalization Grant for Clean Water State Revolving Fund	66.458	6/21/2019-6/21/2021	221927-01	\$ <u>6,178,914</u>
Total Environmental Protection Agency				<u>6,178,914</u>
Total Federal Awards Expended				<u>\$ 6,178,914</u>

See Note to Schedule of Expenditures of Federal Awards

WEST OUACHITA SEWERAGE DISTRICT NO. 5
West Monroe, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
August 31, 2020

Note 1 -General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal Awards programs of the **West Ouachita Sewerage District No. 5's** (the District) (a component unit of the Ouachita Parish Police Jury). The District's reporting entity is defined in Note 1 to the District's basic financial statements. All Federal awards are included on the schedule.

Note 2 -Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the District's financial statements.

Note 3 -Reconciliation of Expenditure of Environmental Protection Agency Funds

Federal Awards are reported in the District's financial statements as follows:

	Schedule of Expenditures of Federal Awards Balance Sept. 1, 2019	Additions	Retirements	Schedule of Expenditures of Federal Awards Balance Aug. 31, 2020
LDEQ	\$ -	\$ 6,178,914	-	\$ 6,178,914

Note 4 -Indirect Cost Rate

The District did not elect to use the 10% de minimis indirect cost rate.

WEST OUACHITA SEWERAGE DISTRICT NO. 5

West Monroe, Louisiana

Schedule of Findings and Questioned Costs

For the Year Ended August 31, 2020

We have audited the financial statements of the governmental activities and each major fund of the West Ouachita Sewerage District No. 5, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated May 31, 2021. 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, 2020 resulted in an unmodified opinion.

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditors' report issued: Unmodified

Internal Control Over Financial Reporting:

Material Weaknesses __Yes X No Significant Deficiency __Yes X None reported

Noncompliance material to financial statements __Yes X No

Federal Awards:

Internal Control Over Major Programs:

Material Weaknesses __Yes X No Significant deficiency __Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Are there findings required to be reported in accordance with the Uniform Guidance? No

Identification of Major Programs:

- CFDA #66.458 Clean Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000.

Is the auditee a "low-risk" auditee __Yes X No

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

There were no findings related to the financial statement audit.

Section III - Findings or questioned costs for Federal awards, including those specified by the Uniform Guidance.

There were no findings related to the federal programs.

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

Summary Status of Prior Year Findings
For the year ended August 31, 2019 and 2020

The following is a summary of the status of the prior year finding included in Woodard & Associates (APAC) audit report dated August 10, 2020 of West Ouachita Sewerage District No. 5 as of and for the year ended August 31, 2019.

There were no findings for the years ended August 31, 2019 and 2018.