

**WATERWORKS DISTRICT 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana**

**Financial Statements
April 30, 2021 and 2020**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Waterworks District 4 of Ward 4
of Calcasieu Parish, Louisiana
Westlake, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, component unit of Calcasieu Parish Police Jury, as of April 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana as of April 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 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 my 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 me 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 September 13, 2021 on my consideration of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana's internal control over financial reporting and compliance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana. The Schedule of Compensation, Benefits and Other Payments is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Compensation, Benefits and Other Payments is the responsibility of management and is derived from the underlying accounting and other records to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
September 13, 2021

**WATERWORKS DISTRICT NO. 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF APRIL 30, 2021**

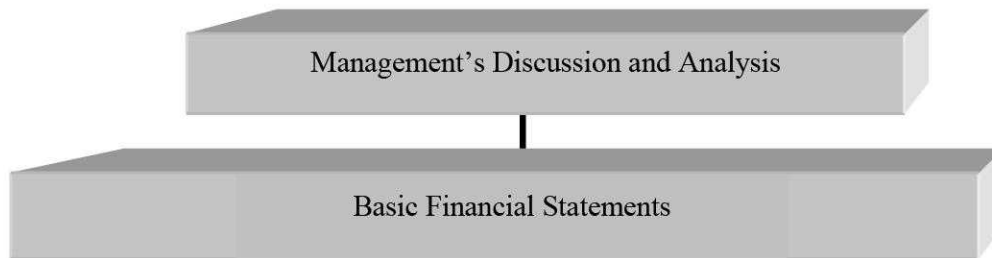
The Management’s Discussion and Analysis of the Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana’s (the District) financial performance presents a narrative overview and analysis of the District’s financial activities for the year ended April 30, 2021. This document focuses on the current year’s activities, resulting changes, and currently known facts in comparison with the prior year’s information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

- ★ The District’s assets exceeded its liabilities at the close of fiscal year 2021 by \$1,974,490 which represents a .1% increase from last fiscal year. Of this amount, \$493,910 (unrestricted net position) may be used to meet the District’s ongoing obligations to its users.
- ★ The District’s operating revenue increased \$27,876 (or 3.8%) and the net results from operations increased by \$34,537.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments.



These financial statements consist of two sections - Management’s Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

**WATERWORKS DISTRICT NO. 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF APRIL 30, 2021**

Basic Financial Statements

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

The Statement of Net Position (pages 7 - 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is fund net position and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position (page 9) presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in fund net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flow (pages 10 - 11) presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

| | 2021 | 2020 | 2019 |
|-------------------------------------|-------------|-------------|--------------|
| Current and other assets | \$ 874,746 | \$ 876,735 | \$ 987,611 |
| Capital assets | 2,714,307 | 2,754,488 | 2,773,671 |
| Total assets | 3,589,053 | 3,631,488 | 3,761,282 |
| Other liabilities | 189,563 | 162,540 | 193,343 |
| Long-term debt outstanding | 1,425,000 | 1,510,000 | 1,590,000 |
| Total liabilities | 1,614,563 | 1,672,540 | 1,783,343 |
| Net position: | | | |
| Net investment in capital assets | 1,289,307 | 1,244,753 | 1,183,671 |
| Amounts restricted for debt service | 191,273 | 184,315 | 179,439 |
| Unrestricted amounts | 493,910 | 529,880 | 614,829 |
| Total net position | \$1,974,490 | \$1,958,948 | \$ 1,977,939 |

Restricted net position amounts represent those assets that are not available for spending as a result of bond agreements. Conversely, unrestricted net position amounts are those that do not have any limitations for which they may be used.

**WATERWORKS DISTRICT NO. 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF APRIL 30, 2021**

The net position of the District increased by \$15,544, from April 30, 2020 to April 30, 2021.

| | 2021 | 2020 | 2019 |
|---|-----------------|-------------------|--------------------|
| Operating revenues | \$756,690 | \$728,814 | \$ 715,048 |
| Operating expenses | (923,152) | (728,264) | (715,238) |
| Operating income (loss) | (166,462) | 550 | (190) |
| Non-operating revenues (expenses) | 182,006 | (19,543) | (14,354) |
| Net increase (decrease) in net position | <u>\$15,544</u> | <u>\$(18,993)</u> | <u>\$ (14,544)</u> |

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of April 30, 2021, the District had \$2,714,307, net of accumulated depreciation, invested in a broad range of capital assets, including land, plant and distribution system, and furniture, fixtures, and equipment. (See Table below). This amount represents a net decrease (including additions and deductions) of \$40,446, from last year.

| | 2021 | 2020 | 2019 |
|------------------------------------|--------------------|--------------------|---------------------|
| Land and Right of Ways | \$ 26,857 | \$ 26,857 | \$ 26,857 |
| Plant and Distribution System | 4,744,750 | 4,683,369 | 4,569,314 |
| Furniture, Fixtures, and Equipment | 300,846 | 270,290 | 270,290 |
| Less Accumulated Depreciation | (2,358,146) | (2,225,763) | (2,358,146) |
| Totals | <u>\$2,714,307</u> | <u>\$2,754,753</u> | <u>\$ 2,773,671</u> |

This year's major capital addition included above was:

- Turbidmeter \$ 25,271
- Service pumps \$ 69,271

**WATERWORKS DISTRICT NO. 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF APRIL 30, 2021**

Debt

The District issued \$2,000,000 of Water Revenue Bonds, Series 2012, during the fiscal year ending April 30, 2013. The bonds were dated August 1, 2012. These bonds were issued for the purpose of funding the plant expansion project. The outstanding balance on these bonds is \$1,425,000, \$1,510,000 and \$1,590,000 at April 30, 2021, 2020 and 2019, respectively.

The District's Series 2012 Water Revenue Bonds are un-rated.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Crystal Broussard, Office Manager, Waterworks District No. 4 of Ward 4 of Calcasieu Parish.

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Statements of Net Position
As of April 30,

| ASSETS | 2021 | 2020 |
|---|---------------------|---------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 226,442 | \$ 367,674 |
| Restricted assets: | | |
| Cash restricted for debt service | 286,045 | 279,670 |
| Cash restricted for meter deposits | 107,950 | 111,075 |
| Accounts receivable, net of allowance for doubtful accounts of \$0 for 2021 & 2020 | 119,191 | 107,644 |
| Grant receivable | 135,118 | - |
| Prepaid insurance | - | 10,672 |
| Total Current Assets | 874,746 | 876,735 |
| Property, Plant and Equipment | | |
| Furniture, fixtures, and equipment | 250,590 | 220,034 |
| Parking lot | 20,500 | 20,500 |
| Trucks | 50,256 | 50,256 |
| Water wells | 673,355 | 673,355 |
| Water tank | 959,103 | 959,103 |
| Distribution system | 2,692,166 | 2,627,526 |
| Fluoridation system | 24,214 | 24,214 |
| Plant and buildings | 375,412 | 375,412 |
| | 5,045,596 | 4,950,400 |
| Accumulated depreciation | (2,358,146) | (2,225,763) |
| | 2,687,450 | 2,724,637 |
| Construction in progress | - | 3,259 |
| Land | 26,857 | 26,857 |
| Net Property, Plant, and Equipment | 2,714,307 | 2,754,753 |
| TOTAL ASSETS | \$ 3,589,053 | \$ 3,631,488 |

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

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Statements of Net Position (Continued)
As of April 30,

| LIABILITIES AND NET POSITION | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Current Liabilities | | |
| Accounts payable | \$ 58,539 | \$ 29,809 |
| Payroll taxes payable | 213 | 563 |
| Accrued compensation | 13,089 | 10,738 |
| Accrued interest - payable from restricted assets | 9,772 | 10,355 |
| Meter deposits - payable from restricted assets | 107,950 | 111,075 |
| Due within one year - revenue bonds (Note 8) | 90,000 | 85,000 |
| Total Current Liabilities | <u>279,563</u> | <u>247,540</u> |
| Long-Term Debt | | |
| Due in more than one year - revenue bonds (Note 8) | 1,335,000 | 1,425,000 |
| Total Long-Term Debt | <u>1,335,000</u> | <u>1,425,000</u> |
| Total Liabilities | <u>1,614,563</u> | <u>1,672,540</u> |
| Net Position | | |
| Net investment in capital assets | 1,289,307 | 1,244,753 |
| Amounts restricted for debt service | 186,273 | 184,315 |
| Unrestricted amounts | 498,910 | 529,880 |
| Total Net Position | <u>1,974,490</u> | <u>1,958,948</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 3,589,053</u> | <u>\$ 3,631,488</u> |

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

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended April 30,

| | <u>2021</u> | <u>Percent</u> | <u>2020</u> | <u>Percent</u> |
|--|---------------------|----------------|---------------------|----------------|
| OPERATING REVENUES | | | | |
| Water sales | \$ 720,513 | 95.2% | \$ 681,140 | 93.5% |
| Meter tap revenue | 12,800 | 1.7% | 11,400 | 1.6% |
| Service charges | 5,375 | 0.7% | 7,978 | 1.1% |
| Late charges/delinquent fees | 18,002 | 2.4% | 28,296 | 3.9% |
| Total Operating Revenues | <u>756,690</u> | <u>100.0%</u> | <u>728,814</u> | <u>100.0%</u> |
| OPERATING EXPENSES | | | | |
| Salary - superintendent | 95,596 | 12.6% | 77,141 | 10.6% |
| Salary - office | 70,997 | 9.4% | 66,215 | 9.1% |
| Transmission labor | 39,157 | 5.2% | 41,511 | 5.7% |
| Contract labor | 13,690 | 1.8% | 10,089 | 1.4% |
| Insurance | 136,959 | 18.1% | 139,596 | 19.2% |
| Payroll taxes | 15,560 | 2.1% | 14,460 | 2.0% |
| Retirement benefit | 7,804 | 1.0% | 7,478 | 1.0% |
| Office supplies and postage | 8,161 | 1.1% | 11,766 | 1.6% |
| Meeting expense | 6,100 | 0.8% | 6,600 | 0.9% |
| Telephone and tower communications | 12,850 | 1.7% | 12,047 | 1.7% |
| Utilities | 30,171 | 4.0% | 25,913 | 3.6% |
| Billing and meter reading | 27,077 | 3.6% | 32,688 | 4.5% |
| Truck expense | 5,987 | 0.8% | 3,627 | 0.5% |
| Maintenance and repairs | 275,331 | 36.4% | 99,960 | 13.7% |
| Chemicals and supplies | 18,207 | 2.4% | 27,075 | 3.7% |
| Depreciation | 132,384 | 17.5% | 132,973 | 18.2% |
| Legal and professional | 12,850 | 1.7% | 12,750 | 1.7% |
| Equipment rental | 10,076 | 1.3% | 1,850 | 0.3% |
| Water purchases | 482 | 0.1% | 953 | 0.1% |
| Miscellaneous | 2,403 | 0.3% | 1,609 | 0.2% |
| Bad debt expense | 1,310 | 0.2% | 1,963 | 0.3% |
| Total Operating Expenses | <u>923,152</u> | <u>122.0%</u> | <u>728,264</u> | <u>99.9%</u> |
| INCOME (LOSS) FROM OPERATIONS | <u>(166,462)</u> | <u>-22.0%</u> | <u>550</u> | <u>0.1%</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Interest income | 380 | 0.1% | 1,057 | 0.1% |
| Grant income | 135,118 | 17.9% | - | 0.0% |
| Interest expense | (45,716) | -6.0% | (48,545) | -6.7% |
| DHH fees collected | 21,056 | 2.8% | 21,820 | 3.0% |
| DHH fees disbursed | (25,707) | -3.4% | (15,475) | -2.1% |
| Insurance recovery | 80,018 | 10.6% | 12,842 | 1.8% |
| Miscellaneous income | 16,857 | 2.2% | 8,758 | 1.2% |
| Total Non-Operating Revenues (Expenses) | <u>182,006</u> | <u>24.1%</u> | <u>(19,543)</u> | <u>-2.7%</u> |
| CHANGE IN NET POSITION | <u>15,544</u> | <u>2.1%</u> | <u>(18,993)</u> | <u>-2.6%</u> |
| NET POSITION - BEGINNING OF YEAR | <u>1,958,946</u> | | <u>1,977,939</u> | |
| NET POSITION - END OF YEAR | <u>\$ 1,974,490</u> | | <u>\$ 1,958,946</u> | |

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

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Statements of Cash Flows
For the Years Ended April 30,

| | 2021 | 2020 |
|---|-------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers and users | \$ 748,268 | \$ 721,884 |
| Payments to suppliers | (567,310) | (438,642) |
| Payments to employees | (203,399) | (189,041) |
| Other | 15,094 | (8,535) |
| Net Cash Provided (Used) in Operating Activities | (7,347) | 85,666 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest earned | 380 | 1,057 |
| Other income (expense) | 92,222 | 27,399 |
| Net Cash Provided (Used) in Investing Activities | 92,602 | 28,456 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition of fixed assets | (91,938) | (114,055) |
| Principal paid on bonds | (85,000) | (80,000) |
| Interest paid on bonds | (46,299) | (48,545) |
| Net Cash (Used) in Capital and Related Financing Activities | (223,237) | (242,600) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (137,982) | (128,478) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 758,419 | 886,897 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 620,437 | \$ 758,419 |
| Cash and Cash Equivalents: | | |
| Restricted | \$ 393,995 | \$ 390,745 |
| Unrestricted | 226,442 | 367,674 |
| | \$ 620,437 | \$ 758,419 |

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

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Statements of Cash Flows (Continued)
For the Years Ended April 30,

| | 2021 | 2020 |
|---|--------------|-------------|
| Reconciliation of Operating Income to Net Cash | | |
| Provided (Used) by Operating Activities: | | |
| Operating income (loss) | \$ (166,462) | \$ 550 |
| Adjustments to reconcile net operating income to net cash provided by operating activities: | | |
| Depreciation | 132,384 | 132,973 |
| (Increase) decrease in receivables | (11,547) | (6,930) |
| (Increase) decrease in prepaid expenses | 10,672 | (10,672) |
| Increase (decrease) in accounts payable | 28,730 | (31,790) |
| Increase (decrease) in accrued compensation | 2,351 | (4,174) |
| Increase (decrease) in restricted refundable meter deposits | (3,125) | 5,430 |
| Increase (decrease) in payroll taxes | (350) | 279 |
| Total Adjustments | 159,115 | 85,116 |
| Net Cash Provided (Used) by Operating Activities | \$ (7,347) | \$ 85,666 |
| Supplemental Disclosure: | | |
| Cash paid for interest | \$ 46,299 | \$ 49,093 |

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

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements
April 30, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies

Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, was created by ordinance of the Calcasieu Parish Police Jury in 1971. The District is governed by a board of five members who are appointed by the Calcasieu Parish Police Jury.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

Financial Reporting Entity

As more fully described in paragraph one above, the Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, is governed by a board appointed by the Calcasieu Parish Police Jury.

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

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

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

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Fund Accounting

The accounts of the District are organized on the basis of a proprietary fund, which is considered a separate accounting entity or enterprise fund. Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

The District has implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments".

The District uses the accrual basis of accounting. The revenues are recognized when they are earned, and expenses are recognized when incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

The proprietary fund is accounted for on a cost of services or capital maintenance measurement focus, and all assets and liabilities (whether current or non-current) associated with its activity are included in the balance sheet.

Accounts Receivable

Accounts receivable are stated at cost less an allowance for doubtful accounts. Accounts are considered delinquent when 30 days past due (based on days since last payment). The allowance account consists of an estimate of uncollectible specifically identified accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past user history, any adverse situations that might affect the user's ability to repay, and current economic conditions. The need for an adjustment to the allowance is considered at year end. Amounts charged-off that are subsequently recovered are recorded as income.

Property, Plant, Equipment, and Construction in Progress

Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Property, plant, and equipment are stated at historical cost. Expenditures for major renewals or betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation of all exhaustible property, plant and equipment is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

| | |
|------------------------------------|---------------|
| Furniture, fixtures, and equipment | 3 – 10 years |
| Trucks | 5 years |
| Water wells | 10 – 50 years |
| Water tank | 10 – 50 years |
| Distribution system | 10 – 50 years |
| Plant and buildings | 20 – 40 years |
| Land improvements | 15 years |

Depreciation amounted to \$132,384 and \$132,973 for the years ended April 30, 2021 and 2020, respectively.

Cash and Cash Equivalents

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

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Risk Management

The District is exposed to various risks of loss from torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

Note 2 - Meeting Expense

Members of the Board of Commissioners are currently paid a \$100 per diem allowance for attending board meetings. The total expenses for meetings during the current year and the prior year are as follows:

| | April 30, 2021 | | April 30, 2020 | |
|---------------------|----------------|-----------------|----------------|-----------------|
| Member | Total Meetings | Expense | Total Meetings | Expense |
| Doug Fleming | 12 | \$ 1,200 | 13 | \$ 1,300 |
| Clifford Welch, Jr. | 11 | 1,100 | - | - |
| Jack Bartlett | 13 | 1,300 | 13 | 1,300 |
| Kenneth Cochran | 12 | 1,200 | 13 | 1,300 |
| Michael Bergeron | - | - | 13 | 1,300 |
| O.L. Johnson | 13 | 1,300 | 14 | 1,400 |
| | | <u>\$ 6,100</u> | | <u>\$ 6,600</u> |

Note 3 - Accrued Vacation and Compensation

The District's liability for accumulated unpaid vacation and compensation as of April 30, 2021 and 2020, totaling \$11,093 and \$10,738, respectively, has been accrued at prevailing wage rates.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2021 and 2020

Note 4 - Retirement Benefits

The District implemented a Simplified Employee Pension Plan (SEPP) for its employees during the year ended April 30, 1987. This is a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The SEP's are under the custody of National Life Group. Employer contributions under this Plan shall be at the employer's discretion and based upon the total compensation of each participant. The District currently contributes 6% of the salary of qualifying full-time employees to this plan. Employees are not allowed to make contributions to the plan. The employer contributions are fully vested and non-forfeitable. The contributions for years 2021 and 2020 were \$7,804 and \$7,478, respectively.

Note 5 - Cash and Cash Equivalents

At April 30, 2021 and 2020, the District had cash and cash equivalents (book balances) totaling \$620,437 and \$758,419, respectively.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held by the pledging financial institution's trust department or agent, in the District's name.

Custodial Credit Risk is the risk that in the event of bank failure, the District's deposits may not be returned.

At April 30, 2021, the District had \$614,307 in deposits (collected bank balances). These deposits are secured from risk by \$381,332 of federal deposit insurance and \$374,345 of pledged securities held in a custodial bank in the District's name

At April 30, 2020, the District had \$757,547 in deposits (collected bank balances). These deposits are secured from risk by \$410,112 of federal deposit insurance and \$355,000 of pledged securities held in a custodial bank in the District's name

The District deposits its cash with high quality financial institutions, and management believes the District is not exposed to significant credit risk on those amounts.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2021 and 2020

Note 5 - Cash and Cash Equivalents (Continued)

Under Louisiana Revised Statutes 33:2955, the District may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having principal offices in Louisiana. Additionally, Louisiana statutes allow the District to invest in United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies, highly rated investment grade commercial paper, and mutual or trust funds registered with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to the United States government or its agencies.

Note 6 - Restricted Assets

Restricted assets consist of cash and receivables restricted for construction, the purchase of equipment, the retirement of the District's revenue bonds and meter deposits of users. The following is a schedule of restricted assets as of April 30:

| | 2021 | 2020 |
|---------------------|-------------------|-------------------|
| Debt Services Funds | \$ 286,045 | \$ 279,670 |
| Meter Deposits | <u>107,950</u> | <u>111,075</u> |
| | <u>\$ 393,995</u> | <u>\$ 390,745</u> |

Note 7 - Capital Assets

Capital asset activity for the year ended April 30, 2021 was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|--------------------|----------------|--------------------|
| Land and construction in progress | \$ 30,116 | \$ - | \$3,259 | \$ 26,857 |
| Capital Assets Being Depreciated: | | | | |
| Plant and Distribution System | 4,680,110 | 64,641 | - | 4,744,751 |
| Furniture, Fixtures, & Equipment | <u>270,290</u> | <u>30,556</u> | - | <u>300,846</u> |
| Total Capital Assets being Depreciated | 4,950,400 | 95,197 | - | 5,045,597 |
| Less Accumulated Depreciation | <u>2,225,763</u> | <u>132,384</u> | - | <u>2,358,147</u> |
| Total Capital Assets Being Depreciated, Net of Depreciation | <u>2,724,637</u> | <u>(37,187)</u> | - | <u>2,687,450</u> |
| Total Capital Assets, Net | <u>\$2,754,753</u> | <u>\$ (37,187)</u> | <u>\$3,259</u> | <u>\$2,714,307</u> |

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2020 and 2019

Note 7 - Capital Assets (Continued)

Capital asset activity for the year ended April 30, 2020 was as follows:

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|---|-------------------------------|------------------|------------------|----------------------------|
| Land and construction in progress | \$ 58,313 | \$ 3,259 | \$ 31,456 | \$ 30,116 |
| Capital Assets Being Depreciated: | | | | |
| Plant and Distribution System | 4,537,858 | 142,252 | - | 4,680,110 |
| Furniture, Fixtures, & Equipment | <u>270,290</u> | <u>-</u> | <u>-</u> | <u>270,290</u> |
| Total Capital Assets being Depreciated | 4,808,148 | 142,252 | - | 4,950,400 |
| Less Accumulated Depreciation | <u>2,092,790</u> | <u>132,973</u> | <u>-</u> | <u>2,225,763</u> |
| Total Capital Assets Being Depreciated, Net of Depreciation | <u>2,715,358</u> | <u>9,279</u> | <u>-</u> | <u>2,724,637</u> |
| Total Capital Assets, Net | <u>\$2,773,671</u> | <u>\$ 12,538</u> | <u>\$31,456</u> | <u>\$2,754,753</u> |

Note 8 - Changes in Long-Term Debt

The following is a summary of revenue bonds payable transactions of the District for the year ended April 30, 2021 and 2020:

| | |
|-------------------------------|---------------------|
| Outstanding at April 30, 2020 | \$ 1,510,000 |
| Bonds retired | <u>85,000</u> |
| Outstanding at April 30, 2021 | \$ <u>1,425,000</u> |
| Outstanding at April 30, 2019 | \$ 1,590,000 |
| Bonds retired | <u>80,000</u> |
| Outstanding at April 30, 2020 | \$ <u>1,510,000</u> |

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2021 and 2020

Note 8 - Changes in Long-Term Debt (Continued)

Long-term debt at April 30, consists of the following: 2021 2020

\$2,000,000 Water Revenue Bonds, 2012 Series; dated August 1, 2012; due in annual principal and semi-annual interest installments; annual total debt service payments of \$114,037 to \$157,126, including interest at 2.743%, through the year 2032; secured by pledged revenues of the waterworks system \$1,425,000 \$1,510,000

The annual requirements to amortize all debt outstanding as of April 30, 2021, are as follows:

| Year Ending April 30, | Principal | Interest | Total |
|--------------------------|--------------|------------|--------------|
| 2022 | \$ 90,000 | \$ 37,853 | \$ 127,853 |
| 2023 | 95,000 | 35,316 | 130,316 |
| 2024 | 100,000 | 32,642 | 132,642 |
| 2025 | 100,000 | 29,899 | 129,899 |
| 2026 | 110,000 | 27,019 | 137,019 |
| 2027-2031 | 630,000 | 85,994 | 715,994 |
| 2032-2033 | 300,000 | 8,367 | 308,367 |
| Total | \$ 1,425,000 | \$ 257,090 | \$ 1,682,090 |

The revenue bonds are to be retired from the income and revenues derived from the operation of the system of Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana.

Note 9 - Compliance with Bond Covenants

The revenue bond agreement with JPMorgan Chase Bank contains various requirements relating to reserves, financial ratios, operating results, etc. The District met all the bond covenant requirements for year ending April 30, 2021.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2021 and 2020

Note 10 - Prior Year Balances

Certain prior year amounts may have been reclassified to conform to current year presentation. Such reclassifications had no effect on previously reported total net assets.

Note 11 - Subsequent Events

The District evaluated its April 30, 2021 financial statements for subsequent events through the date the financial statements were available to be issued. The District is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

STEVEN M. DEROUEN & ASSOCIATES, LLC

Certified Public Accountants

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Member Louisiana Society of
Certified Public Accountants

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

Board of Commissioners
Waterworks District No. 4 of Ward 4
of Calcasieu Parish, Louisiana
Westlake, Louisiana

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana's basic financial statements, and have issued our report thereon dated September 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana'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 Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses Item 2021-02 to be a material weakness.

Board of Commissioners
Waterworks District No. 4 of Ward 4
of Calcasieu Parish, Louisiana

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses Item 2021-01 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my 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*.

Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana's Response to Findings

Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
September 13, 2021

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Schedule of Findings and Responses
For the Year Ended April 30, 2021

A. Summary of Independent Auditor's Results:

1. Unmodified opinion on financial statements.
2. Significant deficiencies in internal control – refer to B. 2021-01; material weakness in internal control – refer to B. 2021-02.
3. No instances of noncompliance noted.

B. GAGAS Findings:

2021-01 Segregation of Duties –

Condition: A proper segregation of duties is not feasible due to the small number of people involved in the District's day-to-day operations. This is a repeat finding.

Criteria: Effective internal control requires adequate segregation of duties among client personnel.

Effect: Without proper segregation of duties, errors within the financial records could go undetected.

Recommendation: To the extent cost effective, commissioners should attempt to mitigate this weakness by supervision and review procedures.

Response: Management has considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. Commissioners have implemented supervision and review procedures to the extent possible.

2021-02 Financial Statement Reporting –

Condition: The District maintains its books and records on the modified cash basis of accounting. The District relies on the auditing firm to assist in adjusting the modified cash basis books to accrual basis and to assist in the preparation of external financial statements and related disclosures. This is a repeat finding.

Criteria: Under U. S. generally accepted auditing standards, the auditing firm cannot be considered part of the District's internal control structure and because of the limitations of the accounting staff; the design of the District's internal control structure does not otherwise include procedures to prevent or detect a material misstatement in the external financial statements.

Effect: Misstatements in financial statements could go undetected.

Recommendation: Management should have heightened awareness of all transactions being reported. Management should consider contracting an accountant to assist in the financial reporting process.

Response: Management has considered this weakness and determined that it would not be cost effective at this time to employ or contract the appropriate personnel to remove this deficiency. To the extent possible, management has implemented review procedures.

C. Prior Year Findings:

2020-01 Segregation of Duties - A proper segregation of duties is not feasible due to the small number of people involved in the District's day-to-day operations.

2020-02 Financial Statement Reporting – The District maintains its books and records on the modified cash basis of accounting. The District relies on the auditing firm to assist in adjusting the modified cash basis books to accrual basis and to assist in the preparation of external financial statements and related disclosures. Under U. S. generally accepted auditing standards, the auditing firm cannot be considered part of the District's internal control structure and because of the limitations of the accounting staff, the design of the District's internal control structure does not otherwise include procedures to prevent or detect a material misstatement in the external financial statements.

2020-03 Non-compliance With Bond Covenant – Per the bond covenants contained in the Series 2012 \$2,000,000 Water Revenue Bonds, the District is required to produce net revenues equal to or greater than 120% of the highest combined principal and interest requirements on the bonds. The District did not meet said covenant.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana

**Schedule of Compensation, Benefits and Other
Payments to the President of the Board of Commissioners**

For the Year Ended April 30, 2021

Agency Head: Jack Bartlett, Board President

| Purpose | Amount |
|--|---------------|
| Commissioner Fees | \$1,300 |
| Benefits-insurance | 0.00 |
| Benefits-retirement | 0.00 |
| Benefits-Other | 0.00 |
| Car allowance | 0.00 |
| Vehicle provided by government | 0.00 |
| Per diem | 0.00 |
| Reimbursements | 0.00 |
| Travel | 0.00 |
| Registration fees | 0.00 |
| Conference travel | 0.00 |
| Continuing professional education fees | 0.00 |
| Housing | 0.00 |
| Unvouchered expenses | 0.00 |
| Special meals | 0.00 |

Note: This schedule is included as supplementary information.