

**Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana**

Financial Statements With Auditors' Report

As of and For the Year Ended December 31, 2020

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 – 2
Required Supplementary Information	
Management's Discussion and Analysis	3 - 8
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet – Governmental Fund	11
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	14
Notes to the Financial Statements	15 – 23
Required Supplementary Information	
Budgetary Comparison Schedule	24 - 25
Other Supplementary Information	
Schedule of Compensation Paid Commissioners	26
Schedule of Compensation, Benefits, and Other Payments to Agency Head	27
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	28 – 29
Schedules For Louisiana Legislative Auditor	
Summary Schedule of Prior Year Audit Findings	30
Summary Schedule of Current Year Audit Findings	30

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Independent Auditors' Report

Board of Commissioners
Cypress - Black Bayou Recreation
and Water Conservation District
Benton, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Cypress - Black Bayou Recreation and Water Conservation District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Cypress - Black Bayou Recreation and Water Conservation 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Cypress - Black Bayou Recreation and Water Conservation District as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 8 and 24 - 25, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cypress - Black Bayou Recreation and Water Conservation District's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on pages 26 and 27 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, on our consideration of Cypress - Black Bayou Recreation and Water Conservation 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 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 Cypress - Black Bayou Recreation and Water Conservation District's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 28, 2021

CYPRESS – BLACK BAYOU RECREATION AND WATER CONSERVATION DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of Cypress - Black Bayou Recreation and Water Conservation District’s financial performance provides an overview of the Cypress - Black Bayou Recreation and Water Conservation District’s financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the District’s financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The Cypress - Black Bayou Recreation and Water Conservation District’s net position increased by \$19,813 or 1.79%.

The Cypress - Black Bayou Recreation and Water Conservation District’s total general and program revenues were \$2,229,888 in 2020 compared to \$1,892,080 in 2019.

During the year ended December 31, 2020, the Cypress - Black Bayou Recreation and Water Conservation District had total expenses, excluding depreciation, of \$1,927,382.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Cypress - Black Bayou Recreation and Water Conservation District as a whole and present a longer-term view of the District’s finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Cypress - Black Bayou Recreation and Water Conservation District’s operations in more detail than the government-wide statements by providing information about the Cypress - Black Bayou Recreation and Water Conservation District’s most significant funds.

Reporting the Cypress - Black Bayou Recreation and Water Conservation District as a Whole

Our analysis of the Cypress - Black Bayou Recreation and Water Conservation District as a whole begins on page 9. One of the most important questions asked about the Cypress - Black Bayou Recreation and Water Conservation District’s finances is “Is the Cypress - Black Bayou Recreation and Water Conservation District as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using

the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Cypress - Black Bayou Recreation and Water Conservation District's *net position* and changes in them. You can think of the Cypress - Black Bayou Recreation and Water Conservation District's net position – the difference between assets and liabilities – as one way to measure the Cypress - Black Bayou Recreation and Water Conservation District's financial health, or *financial position*. Over time, *increases* or *decreases* in the Cypress - Black Bayou Recreation and Water Conservation District net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District are reported here which consists primarily of personal services, materials and supplies, repairs and maintenance and other program services. Ad Valorem taxes and permits, licenses and fees, finance most of these activities.

Reporting the District's Most Significant Funds

The Cypress - Black Bayou Recreation and Water Conservation District has only one fund – General fund, which is a governmental fund. Our analysis begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the general fund maintained by the Cypress - Black Bayou Recreation and Water Conservation District – not the Cypress - Black Bayou Recreation and Water Conservation District as a whole. The Cypress - Black Bayou Recreation and Water Conservation District's *governmental fund* uses the following accounting approaches:

Governmental funds – All of the Cypress - Black Bayou Recreation and Water Conservation District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Cypress - Black Bayou Recreation and Water Conservation District's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Cypress - Black Bayou Recreation and Water Conservation District expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation at the bottom of the fund financial statements.

**THE CYPRESS - BLACK BAYOU RECREATION AND WATER
CONSERVATION DISTRICT AS A WHOLE**

The Cypress - Black Bayou Recreation and Water Conservation District's total net position changed from a year ago, increasing from \$1,108,735 to \$1,128,548.

**Table 1
Net Position**

	Governmental Activities	
	2020	2019
Current and other assets	\$ 1,410,602	\$ 1,223,890
Capital assets	3,229,127	3,450,297
Total assets	<u>4,639,729</u>	<u>4,674,187</u>
Current liabilities	118,964	205,531
Long-term liabilities	2,187,866	2,155,000
Total liabilities	<u>2,306,830</u>	<u>2,360,531</u>
Deferred inflows of resources		
Unavailable revenue - ad valorem taxes	<u>1,204,351</u>	<u>1,204,921</u>
Net position:		
Net investment in capital assets	1,422,615	1,643,786
Unrestricted	(294,067)	(535,051)
Total net position	<u>\$ 1,128,548</u>	<u>\$ 1,108,735</u>

Net position of the Cypress - Black Bayou Recreation and Water Conservation District's governmental activities increased by \$19,813 or 1.79% for the year ended December 31, 2020 and increased by \$30,296 or 2.81% for the year ended December 31, 2019.

Table 2
Change in Net Position

	Governmental Activities	
	2020	2019
Revenues		
Program revenues		
Charges for services	\$ 647,118	\$ 712,015
General revenue		
Ad Valorem taxes	1,188,206	1,130,139
State revenue sharing	30,724	30,511
Insurance proceeds	345,066	
Miscellaneous	18,774	19,415
Total revenues	<u>\$2,229,888</u>	<u>\$ 1,892,080</u>
Expenses		
Culture and Recreation	2,123,973	1,771,084
Interest on long-term debt	86,102	90,700
Total expenses	<u>2,210,075</u>	<u>1,861,784</u>
Increase in net position	<u>\$ 19,813</u>	<u>\$ 30,296</u>

Total revenues increased \$337,808 (17.85%) from total revenues in the year ended December 31, 2019 of \$1,892,080 to total revenues of \$2,229,888 in the year ended December 31, 2020.

The increase was mainly due to the receipt of insurance proceeds.

THE DISTRICT'S FUNDS

As the District completed the year ended December 31, 2020, its governmental fund (as presented in the balance sheet on page 11) reported a fund balance of \$87,287, which is more than last year's fund balance (deficit) of (\$186,562). The primary reason for the increase is due to the District receiving insurance proceeds not yet expended.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2020. There was one amendment to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on pages 24 - 25.

Highlights for the year are as follows:

- Revenues were approximately \$118,722 more than the budgeted amounts.
Expenditures were approximately \$4,094 less than budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2020, the Cypress - Black Bayou Recreation and Water Conservation District had invested \$3,229,127 in capital assets compared to \$3,450,297 at December 31, 2019. (see table 3 below)

Table 3
Capital Assets at Year End
(Net Depreciation)

	Governmental Activities	
	2020	2019
Land	\$ 710,000	\$ 710,000
Construction in progress		36,827
Buildings and improvements	1,363,368	1,350,297
Other improvements	1,130,143	1,310,530
Equipment	25,616	42,643
Total assets	<u>\$3,229,127</u>	<u>\$ 3,450,297</u>

Major additions included:

Improvements to infrastructure	<u>\$ 61,523</u>	<u>\$ 285,644</u>
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More detailed information about the capital assets are presented in Note 4 to the financial statements.

Debt Administration

Table 4
Outstanding Debt At Year End

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Revenue Bonds	<u>\$ 2,155,000</u>	<u>\$ 2,155,000</u>

More detail information above the debt is presented in Note 5 to the financial statements

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Cypress - Black Bayou Recreation and Water Conservation District's management considered many factors when setting a fiscal year December 31, 2021 budget. Amounts available for appropriation in the governmental funds are expected to be approximately the same as 2020. It is anticipated that management will consider and monitor the economic uncertainties of COVID-19 and the impact on available resources.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District and to show the Cypress - Black Bayou Recreation and Water Conservation District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director at 135 Cypress Park Drive, Benton, Louisiana 71006

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Statement of Net Position
December 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 224,223
Accounts receivable - ad valorem taxes	1,186,379
Capital assets:	
Land and construction in progress	710,000
Other capital assets, net of accumulated depreciation	<u>2,519,127</u>
Total assets	<u>4,639,729</u>
LIABILITIES	
Accounts payable and accrued expenses	118,964
Long-term liabilities:	
Due within one year	307,866
Due in more than one year	<u>1,880,000</u>
Total liabilities	<u>2,306,830</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - ad valorem taxes	<u>1,204,351</u>
NET POSITION	
Net investment in capital assets	1,422,615
Unrestricted (deficit)	<u>(294,067)</u>
Total net position	<u><u>\$ 1,128,548</u></u>

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Statement of Activities
For the Year Ended December 31, 2020

		<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>
<u>Functions / Programs:</u>			
Governmental Activities			
Culture and recreation	\$ 2,123,973	\$ 647,118	\$ (1,476,855)
Interest on long-term debt	<u>86,102</u>		<u>(86,102)</u>
Total governmental activities	<u>2,210,075</u>	<u>647,118</u>	<u>(1,562,957)</u>
General revenues:			
Ad valorem taxes			1,188,206
State revenue sharing			30,724
Interest income			23
Miscellaneous			18,751
Insurance proceeds			<u>345,066</u>
Total general revenues			<u>1,582,770</u>
Change in net position			19,813
Net position - beginning			1,108,735
Net position - ending			<u><u>\$ 1,128,548</u></u>

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Balance Sheet
Governmental Fund
December 31, 2020

	General Fund
Assets	
Cash	\$ 224,223
Accounts receivable - ad valorem taxes	<u>1,186,379</u>
Total assets	<u>\$ 1,410,602</u>
Liabilities	
Accounts payable and accrued expenses	\$ 118,964
Total liabilities	<u>118,964</u>
Deferred inflows of resources	
Unavailable revenue - ad valorem taxes	<u>1,204,351</u>
Fund balance	
Unassigned	<u>87,287</u>
Total fund balance	<u>87,287</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,410,602</u>

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Position
December 31, 2020

Fund balance (deficit) - total governmental fund	\$ 87,287
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	3,229,127
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Revenue bonds	(2,155,000)
Compensated absences	<u>(32,866)</u>

Net position of governmental activities	<u><u>\$ 1,128,548</u></u>
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See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
Governmental Fund
For the Year Ended December 31, 2020

	General Fund
Revenues	
Ad valorem taxes	\$ 1,188,206
State revenue sharing	30,724
Permits, licenses and fees	647,118
Interest income	23
Miscellaneous	18,751
	<u>1,884,822</u>
Total revenues	
Expenditures	
Current - culture and recreation	1,808,414
Capital outlay	61,523
Debt service:	
Interest	<u>86,102</u>
Total expenditures	<u>1,956,039</u>
Excess revenue over (under) expenditures	(71,217)
Other sources of funds	
Insurance proceeds	<u>345,066</u>
Net change in fund balance	273,849
Fund balance (deficit) at beginning of year	<u>(186,562)</u>
Fund balance at end of year	<u><u>\$ 87,287</u></u>

See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2020

Net change in fund balance - total governmental fund	\$ 273,849
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation \$282,693 exceeds capital outlays \$61,523 in the current period.	(221,170)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:

Compensated absences	<u>(32,866)</u>
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Change in net position of governmental activities	<u><u>\$ 19,813</u></u>
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See accompanying notes to the basic financial statements.

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2020

INTRODUCTION

The Cypress - Black Bayou Recreation and Water Conservation District (the District) was created by Act 292 of 1958 to develop the wealth and natural resources of the District by conserving water for agricultural, municipal, recreational, commercial, industrial, and sanitary purposes. The District is comprised of a board of five commissioners, one each appointed by the Bossier Parish Police Jury, the Bossier Parish School Board, the Mayor and governing authority of the City of Bossier City, the Mayor and governing authority of the Town of Benton, and the Bossier Levee District.

(1) Summary of Significant Accounting Policies

The Cypress - Black Bayou Recreation and Water Conservation District's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Cypress - Black Bayou Recreation and Water Conservation District are discussed below.

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of the standards, the District is considered a primary government, since it is a special purpose government that has a separate appointed governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt and has a component unit over which it exercises oversight responsibility.

B. Basic Financial Statements – Government-Wide Statements

The Cypress - Black Bayou Recreation and Water Conservation District's basic financial statements include both government-wide (reporting the funds maintained by the Cypress - Black Bayou Recreation and Water Conservation District as a whole) and fund financial statements (reporting the Cypress - Black Bayou Recreation and Water Conservation District's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Cypress - Black Bayou Recreation and Water Conservation District's general fund is classified as governmental activities. The Cypress - Black Bayou Recreation and Water Conservation District does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Cypress - Black Bayou Recreation and Water Conservation District's net position is reported in two parts – net investment in capital assets (net of related debt) and unrestricted net position.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Cypress - Black Bayou Recreation and Water Conservation District's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. Program revenues of the District consist of permits, licenses, fees and donations. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the Cypress - Black Bayou Recreation and Water Conservation District as an entity and the change in the Cypress - Black Bayou Recreation and Water Conservation District's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Cypress - Black Bayou Recreation and Water Conservation District are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Cypress - Black Bayou Recreation and Water Conservation District:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Cypress - Black Bayou Recreation and Water Conservation District:

- a. General fund is the general operating fund of the Cypress - Black Bayou Recreation and Water Conservation District. It is used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District's general fund was determined to be a major fund.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Cypress - Black Bayou Recreation and Water Conservation District consist principally of property taxes, permits, licenses and fees, state revenue sharing, donations and interest income. Property taxes are recorded in the year for which the taxes are levied. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The 2020 tax levy is intended to fund the 2021 fiscal year; therefore, the levy has been recorded as a receivable and deferred inflows of resources. Interest income is recorded when earned. Permits, licenses, fees and donations are recorded when received because they are generally not measurable until actually received. State revenue sharing revenue is recorded when it is both measurable and available.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Budgets

The District uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the District prior to December 31 of each year and is made available for public inspection.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted by the Board of Commissioners.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget for 2020 was adopted on the cash basis for the general fund. One amendment was made to the 2020 budget.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at fair value.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10 – 40 years
Equipment	3 – 10 years
Other improvements	10 – 40 years

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the District has no transactions that meet the definition of deferred outflows of resources.

The District's governmental activities and governmental fund reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that meets this definition and qualifies for reporting in this category. Accordingly, the item "unavailable revenue" is reported in the governmental fund balance sheet and statement of net position. The District reports unavailable revenue from one source: ad valorem - property taxes. This amount is deferred and recognized as an inflow of resources in the period for which the amount was levied and budgeted.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

I. Compensated Absences

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

Employees earn annual leave based upon their length of employment. Upon separation of employment, employees are paid for accumulated annual leave. Employees also earn sick leave, but no unused sick leave is paid upon separation of employment.

J. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

K. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. Fund Balances

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the District's Board of Commissioners (the District's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the District's Board of Commissioners removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).
4. Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District's Board of Commissioners have the authority to assign amounts to be used for specific purposes.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

5. Unassigned fund balance are the residual classification for the District's general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(2) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Operating and maintenance	1.56	1.56	2024

(3) Cash and Cash Equivalents

At December 31, 2020, the District had cash and cash equivalents (book balances), totaling \$224,223 as detailed below.

The District had cash and cash equivalents at December 31, 2020 (book balances) totaling \$224,223. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Credit Risk

Custodial credit risk is the risk that in the event of a bank or other depository institution failure, the government's deposits may not be returned to it. As of December 31, 2020, the District's bank balances totaling \$232,796 were covered by FDIC insurance.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

(4) Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance at Jan. 1, 2020	Additions	Deletions	Balance at Dec. 31, 2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 710,000	\$	\$	\$ 710,000
Construction in progress	36,827		(36,827)	
Total capital assets, not being depreciated	746,827		(36,827)	710,000
Capital assets, being depreciated:				
Buildings and improvements	2,519,607	98,350		2,617,957
Equipment	374,117			374,117
Other improvements	10,501,150			10,501,150
Total capital assets, being depreciated at historical cost	13,394,874	98,350		13,493,224
Less accumulated depreciation:				
Buildings and improvements	(1,169,310)	(85,279)		(1,254,589)
Equipment	(331,474)	(17,027)		(348,501)
Other improvements	(9,190,620)	(180,387)		(9,371,007)
Total accumulated depreciation	(10,691,404)	(282,693)		(10,974,097)
Total capital assets, being depreciated, net	2,703,470	(184,343)		2,519,127
Governmental activities capital assets, net	<u>\$ 3,450,297</u>	<u>\$ (184,343)</u>	<u>\$ (36,827)</u>	<u>\$ 3,229,127</u>

Depreciation expense for the year ended December 31, 2020 was \$282,693 and reported in culture and recreation function of governmental activities.

(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

(5) Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds Series 2015	\$2,155,000	\$	\$	\$2,155,000	\$275,000
Compensated absences		32,866		32,866	32,866
	<u>\$2,155,000</u>	<u>\$ 32,866</u>	<u>\$</u>	<u>2,187,866</u>	<u>\$ 307,866</u>

The COVID-19 Pandemic and the Governor's Proclamation Number 33 JBE 2020 created uncertainty and hardship for the District. The District and the Purchaser of debt agreeded to defer the July 1, 2020 principal payment. The payment deferred will be paid by adding to the existing principal amounts in 2021 to 2027 amounts ranging from \$30,000 to \$37,000.

Revenue Bonds Series 2015

The series 2015 revenue bonds were issued by the Louisiana Local Government Environmental Facilities and Community Development Authority to the District July 1, 2015. The purchaser of the bonds was a local bank. Original amount of the issue was \$3,000,000, due in annual installments of \$200,000 to \$305,000 from July, 2018 to July, 2027. Repayment of debt is to be made from the District's lawfully available funds. Interest rate on the bonds is 4.0%. The bonds are secured by a pledge of the rights, title, and interest to the lawfully available funds of the District. The revenue bonds are considered direct borrowings and direct placement debt.

Debt service requirements at December 31, 2020, were as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 275,000	\$ 80,700	\$ 355,700
2022	281,000	69,580	350,580
2023	297,000	58,020	355,020
2024	309,000	45,900	354,900
2025	320,000	33,320	353,320
2026-2027	673,000	27,140	700,140
	<u>\$ 2,155,000</u>	<u>\$ 314,660</u>	<u>\$ 2,469,660</u>

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2020 consisted of the following:

Accounts payable	\$ 106,097
Other	12,867
	<u>\$ 118,964</u>

(7) Deferred Inflows of Resources

Deferred inflows of resources recorded in both the government-wide and in the fund financial statements at December 31, 2020 consist of unavailable revenue as follows:

Ad valorem taxes	<u>\$ 1,204,351</u>
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(Continued)

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

(8) Risk Management

The District purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(9) Subsequent Events

Subsequent events have been evaluated through June 28, 2021, the date the financial statements were available to be issued.

(10) Unrestricted Net Position (Deficit)

The District reports an unrestricted net position (deficit) of \$294,067 at December 31, 2020. The District has been expending resources on significant repairs to the facilities and grounds. The District approved a new rate structure for permits, licenses, and other charges beginning in 2015, which includes options for additional increases in the permits, licenses and fees for future years with the intent to eliminate the deficit.

(11) Tax Abatement

As of December 31, 2020, the District is subject to property tax abatement agreements with multiple businesses which were entered into by the State of Louisiana through the Industrial Tax Exemption Program (ITEP). The agreements allow localities to abate property taxes for a variety of economic development purposes, including job creation, as well as business relocation, retention, and expansion.

The District has not made any commitments as part of the agreements other than to reduce taxes.

Industrial Tax Exemption (ITEP):

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers an attractive tax incentive for manufacturers within the state. The program abates, up to ten years, local property taxes (Ad Valorem) on a manufacturer's new investment and annual capitalized additions related to the manufacturing site with the approval of the Governor. The legal authority is Article 7, Section 21(F) of the Louisiana Constitution.

Gross Dollar Amount by Which Cypress Black Bayou's Tax Revenues Were Reduced: Cypress Black Bayou estimates property tax revenues have been reduced by \$1,679 for the year.

(12) Uncertainty

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

Cypress - Black Bayou Recreation and Water Conservation District
 Benton, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 (CASH BASIS)
 General Fund
 For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,188,206	\$ 88,206
State revenue sharing	26,000	26,000	30,724	4,724
Permits, license and fees	640,000	620,000	647,118	27,118
Interest income	100	100	23	(77)
Miscellaneous	20,000	20,000	18,751	(1,249)
Total revenues	1,786,100	1,766,100	1,884,822	118,722
Expenditures				
Current - culture and recreation	1,280,600	1,619,700	1,894,981	(275,281)
Capital outlay	125,000	345,000	61,523	283,477
Debt service	391,100	82,000	86,102	(4,102)
Total expenditures	1,796,700	2,046,700	2,042,606	4,094
Excess revenue over (under) expenditures	(10,600)	(280,600)	(157,784)	122,816
Other sources of funds				
Insurance proceeds		345,000	345,066	66
Net change in fund balance	(10,600)	64,400	187,282	122,882
Fund balance at beginning of year	10,600	65,000	18,969	(46,031)
Fund balance at end of year	\$	\$ 129,400	\$ 206,251	\$ 76,851

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Notes to Required Supplementary Information
December 31, 2020

The District's budget is adopted on a cash basis for all funds. There was one amendment to the 2020 budget. The budget comparison schedule included in the accompanying financial statements includes the original and amended budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (budget basis)	\$ 187,282
Adjustments:	
Expenditure accruals – net	<u>86,567</u>
Excess of revenues and other sources over (under) expenditures and other uses (GAAP basis)	<u>\$ 273,849</u>

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Other Supplementary Information
Schedule of Compensation Paid Commissioners
For the Year Ended December 31, 2020

COMPENSATION PAID COMMISSIONERS

This schedule of compensation paid commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 38:2605, the commissioners are entitled to receive, out of available funds of the District, a per diem allowance of \$40 for each meeting of the District that they attend, but no such allowance shall be paid for more than 36 meetings in any calendar year.

	<u>NUMBER</u>	<u>AMOUNT</u>
Emmett "Gary" Wyche, Jr.	12	\$ 480
Walter O. Bigby Jr.	13	520
Mel Allen	13	
Jerry W. Fowler	12	480
Robert Berry	13	
Total		<u>\$ 1,480</u>

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Other Supplementary Information
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2020

Agency Head: Robert A. Berry, Executive Director

PURPOSE

AMOUNT

Salary	\$	128,678
Phone allowance		900
Earned accumulated leave		29,023

COOK & MOREHART

Certified Public Accountants

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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*

Independent Auditors' Report

Board of Commissioners
Cypress - Black Bayou Recreation
and Water Conservation District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Cypress - Black Bayou Recreation and Water Conservation District as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Cypress - Black Bayou Recreation and Water Conservation District's basic financial statements, and have issued our report thereon dated June 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cypress - Black Bayou Recreation and Water Conservation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cypress - Black Bayou Recreation and Water Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cypress - Black Bayou Recreation and Water Conservation 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

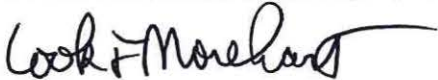
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cypress - Black Bayou Recreation and Water Conservation 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 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.



Cook & Morehart
Certified Public Accountants
June 28, 2021

Cypress - Black Bayou Recreation and Water Conservation District
Benton, Louisiana
Summary Schedule Audit Findings
December 31, 2020

Summary Schedule of Prior Year Audit Findings

There were no findings in the audit for the year ended December 31, 2019.

Summary Schedule of Current Year Audit Findings

There are no findings in the current audit for the year ended December 31, 2020.