

Financial Report

*Consolidated Waterworks District No. 1
of the Parish of Terrebonne,
State of Louisiana*

June 30, 2020



Financial Report

***Consolidated Waterworks District No. 1
of the Parish of Terrebonne,
State of Louisiana***

June 30, 2020

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June 30, 2020

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana,
Houma, Louisiana.

We have audited the accompanying financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne,, State of Louisiana (the "District"), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 of 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, as of June 30, 2020, and the respective changes in financial position and cash flows, 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 Management's Discussion and Analysis, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions on pages 4 through 9, 46, 47 and 48 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 with 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The information contained in Schedules 1 through 12 on pages 49 through 67 for the year ended June 30, 2020 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information, except for Schedules 6 through 9 on pages 60 through 64 marked "unaudited", 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 and to the financial statements themselves, and other additional procedures in accordance with auditing procedures generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2020, as a whole. Schedules 6 through 9 on pages 60 through 64 marked "unaudited" have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously 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 statement of net position of Consolidated Waterworks District No. 1 as of June 30, 2019, 2018, 2017, and 2016, and the related statement of revenues, expenses and changes in net position for each of the four years ended June 30, 2019 (none of which is represented herein), and have issued our reports thereon dated December 10, 2019, December 13, 2018, October 31, 2017, and December 15, 2016, respectively, which contained an unmodified opinion on those financial statements. The information contained in Schedules 10 through 12 on pages 65 through 67 for the years ended June 30, 2019, 2018, 2017, and 2016 is also presented for additional analysis and not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the accounting and other records used to prepare the financial statements as of and for the years ended June 30, 2019, 2018, 2017, and 2016. The information for the years ended June 30, 2019, 2018, 2017, and 2016 in Schedules 10 through 12 on pages 65 through 67 has been subjected to auditing procedures applied in the audits of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared those financial statements or to those financial statements themselves, and other procedures in accordance with auditing procedures generally accepted in the United States of America. In our opinion, the information presented in Schedules 10 through 12 on pages 65 through 67 for the years ended June 30, 2019, 2018, 2017, and 2016 is fairly stated in all material respects in relation to the financial statements as a whole from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020 on our consideration of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants.

Houma, Louisiana,
December 7, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

June 30, 2020

This section of the District's financial report presents our analysis of the District's financial performance during the year ended June 30, 2020. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's change in net position was an increase of \$3.9 million.
- During the year the District's operating revenues increased by \$1.9 million or 11.52%, while other operating expenses decreased by \$0.4 million or 3.33%.
- Non-operating revenues decreased by \$0.3 million or 27.27% due to decreases in investment income and amortization of bond premium.
- Non-operating expenses increased by \$0.1 or 11.11% due to payment of bond issuance costs in connection with bond refunding.
- The District issued \$14.32 million in revenue bonds to refund \$12.96 million of revenue bonds outstanding and anticipates cash savings over the life of the bonds of \$1.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of six parts: Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, Supplementary Information and Special Reports by Certified Public Accountants and Management. The financial statements also include notes to the financial statements, which explain some of the information in the financial statements in more detail.

REQUIRED BASIC FINANCIAL STATEMENTS

The financial statements of the District report information about the District using accounting methods similar to those used by private sector businesses. These statements offer short and long-term financial information about the District's activities. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial

REQUIRED BASIC FINANCIAL STATEMENTS (Continued)

flexibility of the District. All of the year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the District's operations over the year and can be used to determine whether the District has successfully recovered all its costs through its fees and other charges, profitability and credit worthiness. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments throughout the year. This statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities.

FINANCIAL ANALYSIS OF THE DISTRICT

The statement of net position and the statement of revenues, expenses and changes in net position report information in a way that the reader can determine if the District is in a better financial position as a result of the year's activities. These statements report the net position of the District and changes in it. The net position (difference between assets deferred outflows of resources, liabilities and deferred inflows of resources) can be used to measure financial health or financial position. Over time, increases and decreases in the District's net position are one indicator as to whether its financial health is improving or deteriorating. There are other non-financial factors to consider, such as changes in economic conditions, population growth and new or changed government legislation.

NET POSITION

To begin our analysis, a summary of the District's statement of net position is presented below:

Condensed Statements of Net Position
(In millions of dollars)

	June 30,		Dollar	Total
	2020	2019	Change	Percent
				Change
Current and other assets	\$ 31.6	\$ 28.1	\$ 3.5	12.46%
Capital assets	96.9	98.0	(1.1)	-1.12%
Deferred outflows of resources	2.1	2.2	(0.1)	-4.55%
Total assets and deferred outflows of resources	<u>\$ 130.6</u>	<u>\$ 128.3</u>	<u>\$ 2.3</u>	1.79%
Long-term debt and obligations				
Outstanding	\$ 30.7	\$ 33.8	\$(3.1)	-9.17%
Current and other liabilities	5.0	5.3	(0.3)	-5.66%
Deferred inflows of resources	2.9	1.1	1.8	163.64%
Total liabilities and deferred inflows of resources	<u>38.6</u>	<u>40.2</u>	<u>(1.6)</u>	-3.98%
Investment in capital assets	77.5	73.7	3.8	5.16%
Restricted	8.1	7.6	0.5	6.58%
Unrestricted	6.4	6.8	(0.4)	-5.88%
Total net position	<u>92.0</u>	<u>88.1</u>	<u>3.9</u>	4.43%
Total liabilities and net position	<u>\$ 130.6</u>	<u>\$ 128.3</u>	<u>\$ 2.3</u>	1.79%

NET POSITION (Continued)

As can be seen from the table on the previous page, net position increased \$3.9 million to \$92.0 million for the year ended June 30, 2020. This increase reflects capital projects, unrestricted net position (those that can be used to finance day-to-day operations) and restricted net position. Long-term debt and obligations has decreased by \$3.1 million primarily as a result decreases in post-employment obligations for retiree health insurance and retirement. Also, bond premiums reported a significant decrease due to bond refunding.

**Condensed Statements of Revenues,
Expenses, and Changes in Net Position
(In millions of dollars)**

	<u>June 30,</u>		<u>Dollar</u>	<u>Total</u>
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Percent</u>
				<u>Change</u>
Operating revenues	\$18.4	\$16.5	\$ 1.9	11.52%
Non-operating revenues	0.8	1.1	(0.3)	-27.27%
Total revenues	<u>19.2</u>	<u>17.6</u>	<u>1.6</u>	9.09%
Depreciation	3.7	3.7	-	0.00%
Other operating expenses	11.6	12.0	(0.4)	-3.33%
Non-operating expenses	1.0	0.9	0.1	11.11%
Total expenses	<u>16.3</u>	<u>16.6</u>	<u>(0.3)</u>	-1.81%
Change in net position before capital contributions	2.9	1.0	1.9	190.00%
Capital contributions	<u>1.0</u>	<u>0.1</u>	<u>0.9</u>	900.00%
Change in net position	<u>3.9</u>	<u>1.1</u>	<u>2.8</u>	254.55%
Beginning net position	<u>88.1</u>	<u>87.0</u>	<u>1.1</u>	1.26%
Ending net position	<u>\$92.0</u>	<u>\$88.1</u>	<u>\$ 3.9</u>	4.43%

The statement of revenues, expenses, and changes in net position provide answers as to the nature and source of changes in net position. The District's operating revenues increased by \$1.9 million to \$18.4 million or 11.52% primarily due to increases in minimum customer charge. Non-operating revenues decreased by \$0.3 million primarily due to lower returns on deposits. The District's other operating expenses decreased \$0.4 million primarily due to \$0.3 million decrease in personal services and a \$0.2 million decrease in other charges and services. Non-operating expenses, increased by \$0.1 million primarily due bond issuance costs paid on bond refunding.

NET POSITION (Continued)

The District has capitalized \$1.0 million of newly completed waterlines donated to the District by developers. These capitalized costs are reported as capital contributions and is \$0.9 million more than the amount as reported in the prior fiscal year.

BUDGETARY HIGHLIGHTS

As required by revenue bond resolutions, the District adopts a line item budget no later than 30 days prior to the start of the following year. The budget is reviewed and amended as needed. During the year ended June 30, 2020, the budget was amended in the third and fourth quarters. The amendments reflected a net increase in operating income of \$2,387,400 associated with an increase in operating revenues of \$1,687,400 and a decrease in operating expenses of \$700,000 with less than anticipated personal services of \$633,900 while other services and charges were decreased \$140,800.

A more detailed analysis of the District's budget is presented in the supplemental information section of this report.

CAPITAL ASSETS

As of June 30, 2020, the District had invested \$177.6 million in a broad range of infrastructure including water plants at Schriever and Houma and a distribution system throughout the parish. In addition District capital assets include a warehouse, administration facilities, vehicles, furniture and equipment as shown below. This amount represents an increase of \$2.0 million, or 1.1%, over last year.

Capital Assets
(In millions of dollars)

	June 30,		Dollar Change	Total Percent Change
	2020	2019		
Land	\$ 0.6	\$ 0.6	\$ -	0.0%
Water plant	43.3	43.1	0.2	0.5%
Distribution system	126.7	125.4	1.3	1.0%
Administrative building	3.3	3.3	-	0.0%
Plant equipment	0.6	0.6	-	0.0%
Furniture and equipment	0.9	0.8	0.1	12.5%
Automobiles and trucks	1.2	1.1	0.1	9.1%
Construction in progress	1.0	0.7	0.3	42.9%
Subtotal	<u>177.6</u>	<u>175.6</u>	<u>2.0</u>	1.1%
Less accumulated depreciation	80.7	77.6	3.1	4.0%
Net book value	<u>\$96.9</u>	<u>\$ 98.0</u>	<u>\$ (1.1)</u>	-1.1%

CAPITAL ASSETS (Continued)

This year's capital improvements included:

- Replaced waterlines in Montegut and under the Company Canal.
- Relocated waterline at the Hollywood Road Turnabout.
- Completed improvements at all water plants.
- Waterlines donated by developers.
- Purchases approximately 25 computers for use throughout the District.
- Purchases of various service vehicles.

LONG-TERM DEBT AND OBLIGATIONS

As of June 30, 2020, the District had approximately \$23.25 million in long-term debt (water revenue bonds) which is approximately the balance as of June 30, 2019. During the year ended June 30, 2020, the District issued \$14.32 million to refund \$12.96 of water revenue bonds. The refund was undertaken to obtain lower interest rates and is projected to save the District approximately \$1.5 million over the life of the refunding bonds. In addition, the District issued \$.26 million of bonds through the State's Drinking Water Revolving Loan Fund Program. Also in the fiscal year, the District paid \$1.7 million in principal payments on outstanding debt. The District's unamortized bond premium as of June 30, 2020 amounted to \$.04 million, which was a decrease of approximately \$0.8 million compared to the prior year. Current and other liabilities as of June 30, 2020 include approximately \$1.9 million of the District's long-term debt. More detailed information about the District's long-term debt is presented in Note 6 to the financial statements.

The District's water revenue bonds maintain an AA-/Stable rating from Standard and Poor's Rating Service.

Bond covenants allow for the issuance of additional debt, on a parity basis, subject to certain conditions. The major criterion is that annual net revenues must be at least 1.2 times the highest combined annual principal and interest requirements. The District currently carries a coverage ratio of 1.58 down from last year's ratio of 1.61.

As of June 30, 2020, the District's obligation for postemployment health care was \$9.3 million, which is a decrease of \$0.9 million for the year end June 30, 2020 and a current year expense of \$0.5 million. More information on the District's postemployment health care obligation is presented in the Note 7 to the financial statements.

LONG-TERM DEBT AND OBLIGATIONS (Continued)

As of June 30, 2020, the District's proportional share of the net pension asset amounted to \$0.3 million or a change from a liability in the prior year of \$1.1 million for a net change of \$1.4 million. More information on the District's proportional share of the net pension asset of the Parochial Employees Retirement System is presented in the Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Commissioners and management considered many factors when setting the fiscal year 2021 budget. One of those factors is the economy of Terrebonne Parish. The District's customer base, both commercially and residentially, has decreased as a result of downturns in offshore oil and gas drilling and exploration. Revenues from water sales and services available for recovering operating expenses are projected to be \$18.5 million, approximately the same as actual operating revenues in fiscal year 2020. Budgeted operating expenses, including depreciation and amortization, are expected to increase over actual for the fiscal year 2020 by approximately 7.2% to \$16.3 million. Budgeted employment costs are affected by increased staffing and merit increase in employee salaries, a 20% increase in group insurance costs and a 7% increase in property and liability insurance premiums.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have questions about this report or need additional financial information, contact Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, Office Manager, P. O. Box 630, Houma, LA 70361.

STATEMENT OF NET POSITION

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

June 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current

Cash and cash equivalents	\$ 17,596,094
Accounts receivable:	
Customers	977,536
Unbilled water sales	1,319,307
Allowance for uncollectible accounts	(177,835)
Interest receivable	11,699
Due from State of Louisiana:	
Office of Homeland Security and Emergency Preparedness	134,256
Department of Health and Hospitals	19,191
Inventory of materials and supplies	726,273
Prepaid insurance	46,779
	<hr/>
Total current assets	20,653,300

Restricted Cash and Cash Equivalents

Meter Deposit Fund	2,540,236
Revenue Bond Sinking Fund	1,396,156
Bond Reserve Fund	2,094,379
Depreciation and Contingencies Fund	4,650,651
Construction 2012 Fund	2,661
	<hr/>
Total restricted cash and cash equivalents	10,684,083

Capital Assets

Non-depreciable	1,629,827
Depreciable, net	95,297,737
	<hr/>
Total capital assets	96,927,564

Net Pension Asset

281,486

Total assets

128,546,433

Deferred Outflows of Resources

Bond refunding	434,888
Other postemployment benefits	1,300,705
Pensions	337,303
	<hr/>
Total deferred inflows of resources	2,072,896

Total assets and deferred outflows of resources

\$ 130,619,329

See notes to financial statements.

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current

Payable from current assets:	
Accounts payable and accrued expenses	\$ 488,042
Payable from restricted assets:	
Accrued interest on bonds	114,167
Revenue bonds:	
Bonds payable	1,870,000
Unamortized bond premium	19,523
Meter deposits	2,540,236
Total current liabilities payable from restricted assets	4,543,926
Total current liabilities	5,031,968

Long-term

Revenue bonds:	
Bonds payable	21,353,052
Unamortized bond premium	17,482
Total revenue bonds	21,370,534
Other postemployment benefit obligation	9,300,576
Total long-term liabilities	30,671,110
Total liabilities	35,703,078

Deferred Inflows of Resources

Other postemployment benefits	2,251,253
Pensions	712,646
Total deferred inflows of resources	2,963,899
Total liabilities and deferred inflows of resources	38,666,977

Net Position

Net investment in capital assets	77,449,214
Restricted for:	
Debt service	3,490,535
Renewal and replacement	4,650,651
Unrestricted	6,361,952
Net position	91,952,352
Total liabilities, deferred inflows of resources and net position	\$ 130,619,329

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2020

OPERATING REVENUES

Revenues from water sales and services	\$ 17,872,530
Other operating revenues	537,030
	<u>18,409,560</u>
Total operating revenues	<u>18,409,560</u>

OPERATING EXPENSES

Personal services	6,579,249
Supplies and materials	1,699,644
Other services and charges	3,255,312
Depreciation	3,716,825
	<u>15,251,030</u>
Total operating expenses	<u>15,251,030</u>
Operating income	<u>3,158,530</u>

NON-OPERATING REVENUES (EXPENSES)

Investment income	327,574
Intergovernmental	378,239
Amortization of bond premium	45,949
Bond refunding costs	(243,099)
Bond interest	(745,170)
	<u>(236,507)</u>
Net non-operating expenses	<u>(236,507)</u>

Change in net position before capital contributions	2,922,023
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CAPITAL CONTRIBUTIONS

	<u>967,601</u>
Change in net position	3,889,624

NET POSITION

Beginning of year	<u>88,062,728</u>
End of year	<u>\$ 91,952,352</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 18,422,777
Cash payments to suppliers for goods and services	(6,398,770)
Cash payments to employees for services and benefits	<u>(5,241,827)</u>
Net cash provided by operating activities	<u>6,782,180</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(1,889,581)
Intergovernmental capital project grants	686,747
Proceeds from issuance of bonds	258,460
Bond refunding costs paid	(76,054)
Principal paid on outstanding debt	(1,655,000)
Interest paid on outstanding debt	<u>(780,581)</u>
Net cash used in capital and related financing activities	<u>(3,456,009)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>360,901</u>
Net increase in cash and cash equivalents	3,687,072

CASH AND CASH EQUIVALENTS

Beginning of year	<u>24,593,105</u>
End of year	<u><u>\$ 28,280,177</u></u>

CLASSIFIED AS

Current assets	\$ 17,596,094
Restricted assets	<u>10,684,083</u>

Total cash and cash equivalents	<u><u>\$ 28,280,177</u></u>
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**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating income	<u>\$ 3,158,530</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	3,716,825
Bad debts	100,747
Other post employment benefit obligations	178,034
Pension	(24,921)
(Increase) decrease in assets:	
Accounts receivable	(114,525)
Inventory of material and supplies	(62,703)
Prepaid insurance	(46,531)
Increase in liabilities:	
Accounts payable and accrued expenses	(150,271)
Meter deposits	<u>26,995</u>
Total adjustments	<u>3,623,650</u>
Net cash provided by operating activities	<u><u>\$ 6,782,180</u></u>

**NON CASH OPERATING, CAPITAL AND RELATED FINANCING
ACTIVITIES AND INVESTING:**

Capital assets received in noncash capital contributions was \$967,601
Amortization of bond premium was \$45,949
Bonds defeased in refunding was \$12,960,000
Bond premium eliminated in bond refunding was \$726,009
Bonds issued in bond refunding was \$14,320,000
Deferred outflows of resources generated by bond refunding was \$466,946
Bond refunding costs incurred upon refunding of bonds \$167,045

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements conform to accounting principles generally accepted in the United States of America for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB). The more significant of the District's accounting policies are described below:

a) Reporting Entity

Following Louisiana legislation passed in the 1992 session, the Terrebonne Parish Consolidated Government passed an ordinance creating the Consolidated Waterworks District No. 1 of the Parish of Terrebonne (the "District") for the purpose of providing water services to the citizens of Terrebonne Parish. On July 1, 1994 Waterworks District Nos. 1, 2, 3 of Terrebonne Parish and the City of Houma water system transferred cash, investments and other net assets to the District.

GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*, GASB Statement No. 61, *The Financial Reporting Entity: omnibus and amendment of GASB Statement No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirement for Certain Component Units*, established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the District and the potential component unit.
4. Imposition of will by the District on the potential component unit.
5. Financial benefit/burden relationship between the District and the potential component unit.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

The District has reviewed all of its activities and determined there are no potential component units which should be included in its financial statements.

It has been determined based upon the above criteria that the District is a component unit of the Terrebonne Parish Consolidated Government and will be included in its comprehensive financial report for the year ending December 31, 2020.

b) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The basic financial statements provide information about the District's business activities. The financial statements for business-type activities are also often referred to as enterprise fund financial statements.

"Measurement Focus" is an accounting term used to describe which transactions and types of balances are recorded within the various financial statements. The expression, "Basis of Accounting", refers to when transactions or events are recorded regardless of the measurement focus applied.

The District utilizes a single stand-alone enterprise fund for its business-type activities. The Fund is used to account for water intake, purification, distribution and sales activities, and the related administrative functions.

Because of the "businesslike" characteristics of operations, the accompanying financial statements report using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of the "economic resources" measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Under full accrual accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In governmental accounting, the enterprise fund is used to account for operations that are financed and operated in a manner similar to private business or where the Board of Directors has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

As the means for delivering services to its customers, the District utilizes water production plants and water distribution systems. To provide the resources that are necessary to pay for these utility services and the related support functions, the District charges its customers monthly user fees which are based on the specific level of services that they are receiving. Because the operations of the District closely mirror those of a typical, commercial company, its accounting records reflect a similar approach for measuring its business activity.

The District's various bond indentures require the establishment of certain accounts which are referred to as "funds". These required accounts are maintained as part of the accounting records of the District. They include the Revenue Bond Sinking Fund, Bond Reserve Fund, and Depreciation and Contingencies Fund. These are not "funds" as the term is used in generally accepted accounting principles, but are separate "accounts" used to delineate the accounting and reporting for bond-related money and repayment security requirements.

The balances and activity that occur in these various accounts represent specific segments of the District as reported in the District's basic financial statements. Additional compliance information about these accounts is presented in Note 6 and a separate supplemental schedule that follow the basic financial statements.

The enterprise fund used by the District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues are charges to customers for sales and services that are provided to them. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses 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.

c) Use of Estimates

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers cash and cash equivalents to include amounts in checking accounts and investments in certificates of deposits with maturities of three months or less when purchased and the Louisiana Asset Management Pool (LAMP).

LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

e) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances are considered past due 30 days from the invoice date. Management provides an allowance for probable uncollectible amounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

f) Inventory of Material and Supplies

Inventory of materials and supplies are valued at net realizable value, using the first-in first-out (FIFO) method, which approximates the average cost method.

g) Restricted Assets

Specific assets are required to be segregated as to use and are therefore identified as restricted assets. Certain assets are restricted pursuant to restrictions arising from various bond indenture agreements (See Note 6).

h) Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are valued at historical costs or estimated cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (Continued)

Depreciation of all capital assets, excluding land and construction in progress, is calculated over the estimated useful lives using the straight-line method as follows:

Type of Capital Asset	Depreciation Rate
Water plant	2%
Water plant - filters	20%
Distribution system	2% - 4%
Distribution system - tank painting and improvements	33%
Administrative building	5%
Plant equipment	10%
Furniture and equipment	10% - 20%
Automobiles and trucks	20%

i) Long-Term Debt

Long-term debt and other obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond payable balances are reported net of applicable bond premium and discount.

j) Accumulated Unpaid Vacation and Sick Leave

The District accrues benefits in the period earned. Full-time employees of the District shall be entitled to vacation with pay and shall accrue vacation time in the following manner:

After first year	Five days (40 hours)
After second year through ninth year	Ten days (80 hours)
Ten years or more	Fifteen days (120 hours)

Employees may not accumulate and carry forward vacation time beyond the year earned, which is January 1 through December 15. Accumulated vacation leave is due to the employee at the time of termination of employment. Although sick leave accumulates and is available for employees when needed, it does not vest nor is it payable at termination of employment.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting as deferred outflows of resources: bond refunding, OPEB and pension related deferred outflows. The District has two items that qualify for reporting as deferred inflows of resources: OPEB and pension related inflows of resources.

A bond premium or discount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized by the interest method over the shorter of the life of the refunded or refunding debt. See Note 6 for additional information regarding bond refunding, See Note 7 for information regarding OPEB related deferred outflows and inflows of resources and Note 8 for information regarding deferred outflows and inflows of resources related to pensions.

l) Contracts Payable

Liability for work performed on contracts is recognized as the work is incurred.

m) Revenues and Expenses

Operating revenue and expenses consists of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the District's policy to apply those expenses to restricted assets to the extent such are available and then to unrestricted net position.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System of Louisiana (the "System") and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

o) Net Position

Net position comprised the various net earnings from operating income, non-operating revenues, expenses and capital contributions. Net position is classified into the following three components:

- **Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** - This component of net assets consists of net position that do not meet the definition of "restricted" or "net investment in capital assets".

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements

During the year ended June 30, 2020, the District implemented the following GASB Statement:

Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*" provides for temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective or schedule to become effective dates of certain provisions in Statements and Implementation Guides. The effective dates of certain provisions contained in Statement Nos. 84, 87, 90, 91, 92, and 93 are as reported below.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 90, "*Majority Equity Interest*" the primary objectives of this Statement are to improve the consistency and comparability of reporting government's majority equity interest in legally separate organizations and to improve the relevance of financial statement information for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. The requirements of this Statement are effective for reporting period beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 91, "*Conduit Debt Obligations*" provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 92, "*Omnibus 2020*" establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers, postemployment benefits, government acquisitions and financing, insurance related activities of public risk pools, fair value measurements and derivative instruments. The requirements of this Statement apply to all financial statements of all state and local governments at date varying upon issuance to fiscal periods beginning after June 15, 2021. Management has not as yet determined the effect of the Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

Statement No. 93, "*Replacement of Interbank Offered Rates*" provides for those governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. This Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management has not as yet determined the effect of the Statement on the financial statements.

Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*" improves financial reporting by addressing issues related to public - private and public - public partnership arrangements (PPPs). As used in the Statement a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining or operating an underlying nonfinancial asset for a period of time in an exchange or exchange like transaction. The requirements of this Statement are effective for years beginning after June 15, 2020. Management has not as yet determined the effect of the Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

Statement No. 96, "*Subscription-Based Information Technology Arrangements*" provides guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 "Leases", as amended. Under this Statement a government should recognize a right to use subscription asset and a corresponding subscription liability at the commencement of the subscription term. The subscription liability should be measured at the present value of subscription payments. Future subscription payments should be discounted using the interest rate the vendor charges the government or the government's incremental borrowing rate. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example interest expense) in future financial reporting periods. Activities associated with SBITAs, other than subscription payments, should be grouped into three stages and costs meeting specific capitalization criteria, including costs necessary to place the subscription asset in service, should be capitalized in the subscription asset, otherwise costs should be expensed as incurred. This Statement provides an exception for short-term SBITAs of 12 months or less, including options to extend. Subscription payments for short-term SBITAs should be expensed as incurred. This Statement requires disclosure of descriptive information about SBITAs other than short-term SBITAs. The requirements of this Statement are effective for years beginning after June 15, 2022. Management has not as yet determined the effect of the Statement on the financial statements.

Statement No. 97, "*Certain Component Unit Criteria and Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*" provides for purposes of determining whether a primary government is financially accountable for a potential component unit, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84 "*Fiduciary Activities*", be applicable to only defined pension plans and defined OPEB plans that are administered through trusts. The Statement also requires that IRC Section 457 deferred compensation plan be classified as either a pension plan or as an other employee benefit plans depending on whether the plan meets the definition of a pension plan and clarifies that Statement No. 84 should be applied to all arrangement organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

this Statement that the absence of a governing board for a potential component unit should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform and limit the financial burden criterion in paragraph 7 of Statement No. 84, be applicable to only defined pension plans and defined OPEB plans that are administered through trusts are effective immediately. The requirements in this Statement that are related to accounting and reporting for IRC Section 457 plans are effective for years beginning after June 15, 2021.

Note 2 - BUDGET

The Board is required by revenue bond resolutions to adopt a line item budget for the District within thirty days of the end of its fiscal year for the following year. The Board adopted a line item budget for the year ended June 30, 2020. The budget was amended twice during the year. The budget is prepared on a basis in accordance with accounting principles generally accepted in the United States of America. All revisions to the budget must be approved by the Board. The budget lapses at year-end.

Note 3 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investments contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Bank Deposits:

State law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

Bank Deposits: (Continued)

The year end balances of deposits are as follows:

	Bank Balances	Reported Amount
Cash	\$ 8,073,200	\$ 7,342,877
Certificates of deposit	3,995,000	3,995,000
Totals	\$12,068,200	\$11,337,877

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of June 30, 2020, \$10,313,600 of the District's bank balance of \$12,068,200 was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent and are deemed to be held in the District's name by state statutes.

As of June 30, 2020, cash and certificates of deposits were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the District. The GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, interest rate risk, the District's investment policy limits investments to securities with less than six months from the date of purchase unless the investment is matched to a specific cash flow. Due to this policy we are showing all investments with maturity dates less than three months from the date of purchase as cash and cash equivalents.

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments: (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange District.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent-person rule. The policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of such funds in an effort to minimize risk while earning maximum returns.* The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

The District places no limit on the amount the District may invest with anyone issuer. Investments issued by or explicitly guaranteed by the U.S. Government, and external investment pools are exempt from concentration of credit risk exposures.

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments: (Continued)

restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of June 30, 2020 amounted to \$16,942,000 and are classified on the statement of net position as unrestricted and restricted "Cash and Cash Equivalents".

A reconciliation of deposits and investments as shown on the statement of net position is as follows:

Cash on hand	\$	300
Reported amount of deposits		11,337,877
Reported amount of investments		<u>16,942,000</u>
Total		<u>\$28,280,177</u>
Classified as:		
Current assets		\$ 17,596,094
Restricted assets		<u>10,684,083</u>
Total		<u>\$28,280,177</u>

Note 4 - CAPITAL ASSETS

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

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balance June 30, 2020</u>
Capital assets not being depreciated:				
Land	\$ 581,471	\$ -	\$ -	\$ 581,471
Construction in progress	<u>672,327</u>	<u>579,630</u>	<u>(203,601)</u>	<u>1,048,356</u>
Total capital assets not being depreciated	<u>1,253,798</u>	<u>579,630</u>	<u>(203,601)</u>	<u>1,629,827</u>
Capital assets being depreciated:				
Water plant	42,528,767	172,113	-	42,700,880
Water plant - water filters	606,740	169,200	(197,342)	578,598
Distribution system	124,612,825	1,683,607	-	126,296,432
Distribution system - tank painting and improvements	802,352	24,325	(424,265)	402,412
Administrative building	3,265,973	6,960	-	3,272,933
Plant equipment	590,852	-	-	590,852
Furniture and equipment	849,703	77,991	(2,865)	924,829
Automobiles and trucks	<u>1,091,797</u>	<u>152,818</u>	<u>-</u>	<u>1,244,615</u>
Total capital assets being depreciated	<u>174,349,009</u>	<u>2,287,014</u>	<u>(624,472)</u>	<u>176,011,551</u>
Less accumulated depreciation for:				
Water plant	(20,333,191)	(759,662)	-	(21,092,853)
Water plant - water filters	(208,226)	(202,249)	197,342	(213,133)
Distribution system	(53,397,299)	(2,258,283)	-	(55,655,582)
Distribution system - tank painting and improvements	(415,030)	(165,335)	424,265	(156,100)
Administrative building	(1,508,765)	(114,033)	-	(1,622,798)
Plant equipment	(506,226)	(24,067)	-	(530,293)
Furniture and equipment	(489,086)	(74,885)	2,865	(561,106)
Automobiles and trucks	<u>(763,638)</u>	<u>(118,311)</u>	<u>-</u>	<u>(881,949)</u>
Total accumulated depreciation	<u>(77,621,461)</u>	<u>(3,716,825)</u>	<u>624,472</u>	<u>(80,713,814)</u>
Total capital assets being depreciated, net	<u>96,727,548</u>	<u>(1,429,811)</u>	<u>-</u>	<u>95,297,737</u>
Total capital assets, net	<u>\$97,981,346</u>	<u>\$ (850,181)</u>	<u>\$(203,601)</u>	<u>\$96,927,564</u>

Note 4 - CAPITAL ASSETS (Continued)

Additions to the distribution system include the estimated fair value of newly completed waterlines donated to the District by developers. The donated waterlines amount to \$967,601 for the year ended June 30, 2020.

Reported as adjustments, \$203,601 are the completion and reclassification of capital projects to their functional asset groupings, which had been previously accounted for as construction in progress.

The District has active construction projects in the engineering and planning phases as of June 30, 2020. At year end, the District's commitments with contractors are as follows:

Project	Incurred to Date	Remaining Commitment
Waterline replacement Palm Ave.	\$280,883	\$ 75,080
Waterline replacement Company Canal	98,155	6,845
Hollywood Road Roundabout	65,831	7,857
Effluent line - Schriever Water Treatment Plant to Bayou Lafourche	-	1,154,448
Totals	\$444,869	\$1,244,230

Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of June 30, 2020 consisted of the following:

Vendors	\$257,219
Salaries and benefits	224,705
State of Louisiana	
Department of Revenue (sales tax)	6,118
Total	\$488,042

Note 6 - LONG-TERM OBLIGATIONS

Activity in long-term obligations for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Obligations Retired	New Issues	Balance June 30, 2020	Current Amounts
Revenue bonds	\$23,259,592	\$(14,615,000)	\$14,578,460	\$23,223,052	\$1,870,000
Unamortized bond premium	808,963	(771,958)	-	37,005	19,523
Other postemployment benefits	10,222,399	(921,823)	-	9,300,576	-
Net pension liability	1,075,874	(1,075,874)	-	-	-
Other	250,060	(250,060)	-	-	-
Totals	\$35,616,888	\$(17,634,715)	\$14,578,460	\$32,560,633	\$1,889,523

Revenue bonds as June 30, 2020 consists of the following:

Revenue Refund Bonds Series 2019 payable in the amount of \$14,320,000, issued December 12, 2019 with an average yield of 2.86% to refund \$12,960,000 of outstanding Water Revenue Bonds Series 2012A and are scheduled to mature November 1, 2037.

\$ 14,320,000

Taxable Water Revenue Bonds, Series 2014A payable in the amount of \$4,200,000, issued December 23, 2014, with a yield of 2.95% (plus a 5% annual administrative fee) for the purpose of constructing and acquiring improvements and extensions to the District's waterworks system. The bonds were purchased by the Louisiana Department of Health and Hospitals and bond proceeds are distributed from time to time as construction progresses. The terms of the Loan and Pledge Agreement accompanying the bonds contain a 30% principal forgiveness provision on each draw down limited to \$1,125,000. Additional borrowings of \$1,038,948, after application of 30% principal forgiveness, are available as of June 30, 2020, after application of unreimbursed costs. The bonds are scheduled to mature November 1, 2035.

1,844,052

Note 6 - LONG-TERM OBLIGATIONS (Continued)

Revenue Refund Bonds, Series 2014 payable in the amount of \$5,995,000, issued May 6, 2014, with a premium of \$195,243 and a yield of 2.92%, to refund \$6,610,000 of outstanding Water Revenue Refunding Bonds, Series 2003A and are scheduled to mature November 1, 2023. 4,115,000

Revenue Bonds, Series 2012A payable in the amount of \$1,765,000, issued October 30, 2012 with a premium of \$9,375 for the purpose of constructing and acquiring improvements and extensions to the District's waterworks system, with a yield of 4.00 %, and final maturity November 1, 2022. 1,765,000

Water Revenue Bonds, Series 2010 payable in the amount of \$1,900,000, issued December 29, 2010, with a yield of 2.95% (plus a 5% annual administrative fee) for the purpose of constructing and acquiring improvements and extensions to the District's waterworks system. The bonds were purchased by the Louisiana Department of Health and Hospitals and are scheduled to mature November 1, 2030. 1,179,000

Total \$23,223,052

On December 12, 2019 Waterworks issued \$14,320,000 of Revenue Bonds Series-2019 with a yield of 2.86% to refund \$12,960,000 of outstanding Series-2012A Revenue Bonds with an average rate 4.64%. The net proceeds of \$14,076,991 (after underwriters' discount of \$107,400 and \$135,609 of other issuance costs) plus \$76,054 of prior funds, including debt service funds, were used to purchase United States government securities, valued at \$14,152,955, to provide for the future debt service payments of \$14,766,863 of Series-2012A Revenue Bonds as of the 2022 call date or \$20,389,375 as of maturity in 2037. The securities were deposited into an irrevocable trust with an escrow agent. As a result, the Series 2012 are considered to be defeased and the liability for those bonds has been removed from the statement of net position.

Note 6 - LONG-TERM OBLIGATIONS (Continued)

The refunding resulted in a difference, \$466,946, between the reacquisition price and the net carrying amount of the old debt, \$13,686,009. This difference, reported in the accompanying financial statements as a deferred outflow of resources from refunding of bonds payable is being charged to operations through the year 2037 using the effective interest method. The refunding was undertaken to obtain lower interest rates. Waterworks advanced refunded the bonds for a net savings of approximately \$1,435,000 and an economic gain (difference between the present values of the old debt service payments and new debt service payments) of approximately \$1,082,000.

The annual requirements to amortize debt outstanding for water revenue bonds, assuming full issuance of the Taxable Water Revenue Bonds, Series 2014A, as of June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Totals
2021	\$ 1,870,000	\$ 672,531	\$ 2,542,531
2022	1,983,000	610,021	2,593,021
2023	2,010,000	545,436	2,555,436
2024	2,094,000	484,512	2,578,512
2025	1,036,000	443,818	1,479,818
2026 - 2030	5,610,000	1,799,237	7,409,237
2031 - 2035	5,913,000	987,152	6,900,152
2036 - 2040	3,478,000	161,862	3,639,862
Totals	\$23,994,000	\$5,704,569	\$29,698,569

Under the terms of the bond indentures for outstanding Water Revenue Bonds, principal and interest is secured and payable solely from a pledge of the income and revenues to be derived from the operations of the District. All revenues must be deposited in the District and required transfers made to the following accounts (funds) on a monthly basis after the payment of operating expenses:

a) Revenue Bond Sinking Fund

Monthly transfers are required to this Fund in an amount necessary to make the principal and interest payments as they become due. The Fund is restricted for this purpose.

Note 6 - LONG-TERM OBLIGATIONS (Continued)

b) Bond Reserve Fund

The Reserve Fund is required to be funded in an amount equal to the lesser of (i) 10% of the proceeds of the bonds, (ii) the highest combined principal and interest requirements for any succeeding year or (iii) 125% of the average aggregate amount of principal and interest becoming due.

Monies in the amount of \$2,094,375 have been deposited into this Fund. This amount is equal to 125% of the average aggregate amount of principal and interest becoming due in any future year on the District's outstanding water revenue bonds. The Fund is restricted to the payment of principal and interest in case of default.

c) Depreciation and Contingencies Fund

Monthly transfers of 5% of gross revenues of the District for the preceding month are required. The Fund is restricted to payments for extensions, additions, improvements, renewals and replacements necessary to properly operate the District. It will also be used to pay principal and interest if there are not sufficient funds in the Revenue Bond Sinking Fund and Bond Reserve Fund.

d) Bond Requirements

The accounting requirements of the bond resolution for Water Revenue Bonds, as stated in a) through c) above, have been complied with for the year ended June 30, 2020.

Obligations for other postemployment benefits and net pension liability are described in notes 7 and 8, below. Other long-term obligations represent qualified expenditures (\$250,060) incurred pending reimbursement from the Series 2014A Revenue Bonds.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District administers a single employer defined benefit healthcare plan (the "Plan"). The Plan provides for the payment of medical, prescription drugs, dental, long-term care, life insurance and Medicare supplement premiums for eligible employees, retirees and their dependents as allowed by policy set by the Board of Directors. The District funds 85% premium for all active employees and 100% premium for retirees with at least twenty years of service upon retiring from the Parochial Employees' Retirement System, see Note 8. The District does not issue a publicly available financial report on the Plan.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Employee Covered by Benefit Terms

As of June 30, 2020, the following employees were covered by the benefit terms.

Inactive employees currently receiving benefits payments	31
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	89
Total	120

Total OPEB Liability

The District's total OPEB liability of \$9,300,576 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2020 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2020
Actuarial Valuation Date	July 1, 2019
Inflation	3.00%
Salary Increases, Includes Inflation	3.00%
Discount Rate	2.45%
Healthcare Cost Trend Rates	Pre-65 Medical 6.50% in year 1 decreasing in decrements of 0.25% per year until 5.00% in years 7 through 10.
	Medicare Supplement 5.00% in year 1 decreasing to 0.25% per year until 4.50% in years 3 though 10.
	Dental 3.00% in years 1 though 10.
Mortality Rates	PubG.H-2010 Employee and Healthy Retiree Generational with MP-2019.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Retirees' Share of Benefit-Related Costs

Retirees are eligible to continue their medical, dental, long-term care, and life insurance coverage. To be eligible, an employee must retire from the District, be eligible to receive retirement Parochial Employees' Retirement System and have 20 years of service with the District.

The discount rate was based on June 30, 2020 Fidelity General Obligation AA 20-Year Yield.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 10,222,399
Changes for the year:	
Service cost	354,006
Interest	255,113
Difference between expected and actual experience	576,673
Changes in assumptions	(1,780,418)
Benefit payments	(327,197)
Net changes	(921,823)
Balance at June 30, 2020	\$ 9,300,576

Sensitivity to the total OPEB Liability to Change in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or higher than the current discount rate.

	1.0% Decrease (1.45%)	Current Discount Rate (2.45%)	1.0% Increase (3.45%)
Total OPEB Liability	\$12,200,147	\$ 9,300,576	\$8,650,824

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Sensitivity to the total OPEB Liability to Change in the Health Cost Trend Rates

The table on the following page presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower pre-65 medical, prescription drugs, Medicare supplement, and dental or 1% higher pre-65 medical, prescription drugs, Medicare supplement and dental than the current healthcare cost trend rates.

	1.0% Decrease	Current Healthcare Cost Trend Rate	1.0% Increase
Total OPEB Liability	\$7,782,543	\$9,300,576	\$11,328,002

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

For the year ended June 30, 2020, the District recognized total OPEB expense of \$505,233. As of June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 513,025	\$ 668,659
Changes in assumptions	787,680	1,582,594
Totals	\$1,300,705	\$2,251,253

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

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

<u>For the Year Ended June 30,</u>	<u>Amount</u>
2021	\$(103,888)
2022	(103,888)
2023	(103,888)
2024	(103,888)
2025	(133,749)
Thereafter	<u>(401,247)</u>
Total	<u>\$(950,548)</u>

Note 8 - PENSION PLAN

Plan Description. The District contributes to Plan B of the Parochial Employees' Retirement System of Louisiana ("System"), a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2025, specifically and other general laws of the State of Louisiana.

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 2.0% of the member's final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits at age 55 upon completing 30 years of service, retire at age 60 after completing 10 years of service or retire at age 65 after completing 7 years of service. For members hired on or after January 1, 2007 they may retire with full benefits at age 55 after completing 30 years of service, retire at age

Note 8 - PENSION PLAN (Continued)

62 after completing 10 years of service or retire at age 67 after completing 7 years of service. Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years and defer the receipt of benefits. During the three year period, employer contributions continue but employee contributions cease. The election to participate in DROP is irrevocable once participation begins. The monthly retirement benefits are paid into the DROP Fund. Upon termination of employment a participant in DROP may receive a lump sum equal to payments into the participant's account, an annuity or a roll over to an Individual Retirement Account. Members hired before January 1, 2007 with 5 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Members hired after January 1, 2007 with 7 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the year ending December 31, 2019, the actuarial employer contribution rate was 7.53% of member's compensation. However, the actual rate of 7.50% was in effect for the year ended December 31, 2019 and the year ending December 31, 2020.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Contributions to the System from the District were \$327,312 for the year ended June 30, 2020.

Note 8 - PENSION PLAN (Continued)

Pension Liabilities and Assets. As of June 30, 2020, the District reported a net pension asset of \$281,486 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019, the District's proportion was 3.890819%, which was a decrease of .09146% from its proportion measured as of December 31, 2018.

Pension Expense. For the year ended June 30, 2020, the District recognized pension expense of \$302,351.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,331	\$(120,050)
Net difference between projected and actual earnings on pension plan investments	-	(587,774)
Changes in assumptions	166,066	-
Changes in proportion	1,833	(4,822)
Contributions subsequent to the measurement date	161,073	-
	\$337,303	\$(712,646)

The District reported \$161,073 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Note 8 - PENSION PLAN (Continued)

For the Year Ended June 30,	Amount
2021	\$(153,141)
2022	(163,455)
2023	48,200
2024	(268,020)
Total	\$(536,416)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension asset as of June 30, 2020 are as follows:

Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	4 years
Investment Rate of Return	6.50%, net of investment expense
Projected Salary Increases	4.25%
Inflation Rate	2.40%
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees and General Employees multiplied by 130% for males and 125% for females using MP2018 scale for employee, annuitant, disabled annuitant and beneficiary mortality.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Note 8 - PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (CAPM) (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% for the year ended June 30, 2020.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	35.00%	1.05%
Equity	52.00%	3.41%
Alternatives	11.00%	0.61%
Real assets	2.00%	0.11%
Totals	100.00%	5.18%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.18%

Discount Rate. The discount rate used to measure the collective pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 - PENSION PLAN (Continued)

Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the collective net pension asset using the discount rate of 6.50%, as well as what the District's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage-point lower (5.50%) or one percentage-point higher (7.50 %) than the current rate:

	<u>1.0% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1.0% Increase (7.50%)</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 1,512,150</u>	<u>\$ (281,486)</u>	<u>\$ (1,780,642)</u>

Pension Plan Fiduciary Net Position. The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on their financial statements for the year ended June 30, 2020. Access to the audit report can be found on the System's website, www.persla.org or on the Louisiana Legislative Auditor's website, www.la.la.gov.

Note 9 - LITIGATION

The District is involved in disputes in the normal course of business. Management believes the resolution of these matters will not have a material effect on the District's financial position or the results of operations. Accordingly, no obligations for claims or litigation have been recognized in the financial statements.

Note 10 - BOARD MEMBERSHIP AND COMPENSATION OF BOARD DIRECTORS

Included in administrative expenses is the per diem payments and mileage reimbursement to members of the Board of Directors. In accordance with the State of Louisiana Statutes Directors receive \$60 per meeting attended, limited to 24 regularly scheduled meetings and 12 special meetings each year.

**Note 10 - BOARD MEMBERSHIP AND COMPENSATION OF BOARD DIRECTORS
(Continued)**

<u>Board members</u>	<u>Number of Meetings Attended</u>	<u>Payments for</u>		<u>Total Amount</u>
		<u>Meetings Attended</u>	<u>Expenses</u>	
Richard Bazat	1	\$ 60	\$ 7	\$ 67
Charles Brown	18	1,080	106	1,186
Vincent Celestin	20	1,200	158	1,358
Teri Chatagnier	-	-	-	-
Bobby Cockerham	11	660	73	733
Stephen Hornsby	19	1,140	154	1,294
Lloyd Kern	11	660	182	842
David Mosely	20	1,200	315	1,515
John Pizzolatto	19	1,140	66	1,206
Clifton Stoufflet	19	1,140	46	1,186
Chester Voisin	20	1,200	483	1,683
Totals		<u>\$9,420</u>	<u>\$1,583</u>	<u>\$11,003</u>

Teri Chatagnier was appointed to the Board in June 2020.

Note 11 - CONCENTRATIONS

In May 2013, voters in Terrebonne Parish approved a 2.11 mill parish-wide ad valorem tax dedicated to the Bayou Lafourche Freshwater District. The tax, which was initially assessed November 1, 2013, provides for voting membership by representatives of Terrebonne Parish on the Bayou Lafourche Freshwater District Board. The District purchases its raw water supply from the Bayou Lafourche Freshwater District. The cost of raw water to the District is based upon the amount of water drawn from Bayou Lafourche and has been established \$.03 per 1,000 gallons. For the year ended June 30, 2020, the District recognized \$138,107 as raw water expenses for purchases from the Bayou Lafourche Freshwater District.

Note 12 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 7, 2020, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the three years ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 354,006	\$ 322,329	\$ 312,941
Interest	255,113	309,233	343,327
Changes of benefit terms	-	-	-
Difference between expected and actual experience	576,673	(1,002,989)	745
Changes in assumptions or other inputs	(1,780,418)	1,181,522	-
Benefit payments	(327,197)	(271,084)	(289,714)
Net change in total OPEB liability	(921,823)	539,011	367,299
Total OPEB liability, beginning of year	<u>10,222,399</u>	<u>9,683,388</u>	<u>9,316,089</u>
Total OPEB liability, end of year	<u>\$ 9,300,576</u>	<u>\$ 10,222,399</u>	<u>\$ 9,683,388</u>
Covered employee payroll	<u>\$ 4,353,686</u>	<u>\$ 4,109,709</u>	<u>\$ 3,990,009</u>
Total OPEB liability as a percentage of covered employee payroll	<u>213.63%</u>	<u>248.74%</u>	<u>242.69%</u>
Notes to schedule:			
Changes of benefit terms:	None	None	None
Changes of assumptions and other inputs reflected the effects of changes in the discounts rate each period:	<u>2.45%</u>	<u>3.13%</u>	<u>3.62%</u>

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2018 and is intended to show a ten year trend. Additional years will be reported as they become available.

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the five years ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	<u>3.89082%</u>	<u>3.98228%</u>	<u>3.90618%</u>	<u>3.66580%</u>	<u>3.54788%</u>
District's proportionate share of the net pension liability (asset)	<u>\$ (281,486)</u>	<u>\$ 1,075,874</u>	<u>\$ (491,478)</u>	<u>\$ 476,214</u>	<u>\$ 631,681</u>
District's covered-employee payroll	<u>\$ 4,322,363</u>	<u>\$ 4,166,089</u>	<u>\$ 3,961,167</u>	<u>\$ 3,651,837</u>	<u>\$ 3,410,054</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>-6.51%</u>	<u>25.83%</u>	<u>-12.41%</u>	<u>13.040%</u>	<u>18.524%</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>-102.05%</u>	<u>91.93%</u>	<u>104.02%</u>	<u>95.50%</u>	<u>93.48%</u>

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2016 and is intended to show a ten year trend. Additional years will be reported as they become available.

SCHEDULE OF DISTRICT CONTRIBUTIONS

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the five years ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 327,312	\$ 315,554	\$ 318,864	\$ 313,116	\$ 299,993
Contributions in relation to the contractually required contribution	<u>(327,312)</u>	<u>(315,554)</u>	<u>(318,864)</u>	<u>(313,116)</u>	<u>(299,993)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 4,364,163</u>	<u>\$ 4,207,381</u>	<u>\$ 4,114,857</u>	<u>\$ 3,913,945</u>	<u>\$ 3,516,491</u>
Contributions as a percentage of covered-employee payroll	<u>7.50%</u>	<u>7.50%</u>	<u>7.75%</u>	<u>8.00%</u>	<u>8.53%</u>

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2016 and is intended to show a ten year trend. Additional years will be reported as they become available.

SUPPLEMENTARY INFORMATION SECTION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2020

Agency Head Name: Michael Sobert, General Manager

Purpose	<u>Amount</u>
Salary	\$ 145,261
Benefits - insurance	13,192
Benefits - retirement	10,895
Benefits - other	-
Car allowance	-
Vehicle provided by government	750
Per diem	-
Reimbursements	420
Travel	-
Registration fees	125
Conference travel	99
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<u>\$ 170,742</u>

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION (BUDGET AND ACTUAL)**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Revenues from water sales and services	\$ 15,974,600	\$ 17,627,000	\$ 17,872,530	\$ 245,530
Other operating revenues	425,000	460,000	537,030	77,030
Total operating revenues	<u>16,399,600</u>	<u>18,087,000</u>	<u>18,409,560</u>	<u>322,560</u>
OPERATING EXPENSES				
Personal services	7,741,066	7,107,116	6,579,249	527,867
Supplies and materials	1,667,750	1,742,500	1,699,644	42,856
Other services and charges	3,679,350	3,538,550	3,255,312	283,238
Depreciation and amortization	3,716,825	3,716,825	3,716,825	-
Total operating expenses	<u>16,804,991</u>	<u>16,104,991</u>	<u>15,251,030</u>	<u>853,961</u>
Operating income	<u>(405,391)</u>	<u>1,982,009</u>	<u>3,158,530</u>	<u>1,176,521</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	350,000	325,000	327,574	2,574
Intergovernmental	-	203,000	378,239	175,239
Amortization of bond premium	45,949	45,949	45,949	-
Bond refunding costs	(243,099)	(243,099)	(243,099)	-
Bond interest	(745,170)	(745,170)	(745,170)	-
Total non-operating revenues (expenses)	<u>(592,320)</u>	<u>(414,320)</u>	<u>(236,507)</u>	<u>177,813</u>
Change in net position before capital contributions	(997,711)	1,567,689	2,922,023	1,354,334
CAPITAL CONTRIBUTIONS				
Change in net position	<u>\$ (30,110)</u>	<u>\$ 2,535,290</u>	<u>3,889,624</u>	<u>\$ 1,354,334</u>
NET POSITION				
Beginning of year			<u>88,062,728</u>	
End of year			<u>\$ 91,952,352</u>	

SCHEDULE OF OPERATING REVENUES (BUDGET AND ACTUAL)**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE FROM WATER SALES AND SERVICE CHARGES				
Customers	\$ 15,550,000	\$ 17,200,000	\$ 17,442,325	\$ 242,325
Parish of Lafourche	31,000	31,000	27,453	(3,547)
Service connection fees	138,600	143,000	152,745	9,745
Meter installation fees	130,000	130,000	129,351	(649)
Penalties - reconnections	125,000	123,000	120,656	(2,344)
Total revenue from water sales and services	15,974,600	17,627,000	17,872,530	245,530
OTHER OPERATING REVENUES				
Service agreements:				
Sewerage districts	210,000	225,000	233,701	8,701
Garbage collections	130,000	130,000	111,963	(18,037)
LA Act 125	25,000	25,000	25,992	992
Miscellaneous:				
Other	60,000	80,000	165,374	85,374
Total other operating revenues	425,000	460,000	537,030	77,030
Total operating revenues	\$ 16,399,600	\$ 18,087,000	\$ 18,409,560	\$ 322,560

SCHEDULE OF DEPARTMENTAL EXPENSES (BUDGET AND ACTUAL)**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
ADMINISTRATIVE				
Personal services:				
Salaries	\$ 480,000	\$ 465,000	\$ 462,552	\$ 2,448
Other postemployment benefit costs	35,960	35,960	86,295	(50,335)
Employee group insurance	119,000	105,000	98,701	6,299
Payroll taxes	47,000	47,000	44,191	2,809
Retirement	36,000	36,000	31,549	4,451
Total personal services	717,960	688,960	723,288	(34,328)
Supplies and materials:				
Office supplies and expense	50,000	50,000	55,778	(5,778)
Gasoline and oil	2,500	2,500	1,606	894
Total supplies and materials	52,500	52,500	57,384	(4,884)
Other services and charges:				
Accounting and consulting	50,000	60,000	57,450	2,550
Attorney	110,000	50,000	30,175	19,825
Board meetings	17,000	12,000	10,697	1,303
Bond agent fees	2,600	2,600	2,600	-
Consulting engineer	15,000	15,000	14,681	319
Insurance and bonds	33,000	42,000	35,290	6,710
Janitorial services	24,000	24,000	24,000	-
Publish proceedings	5,000	5,000	3,092	1,908
Radio communications	13,000	13,000	12,337	663
Repairs and maintenance:				
Equipment and building repairs	32,000	32,000	30,326	1,674
Truck and auto repairs	500	500	428	72
Seminars and schools	19,000	5,000	4,384	616
Utilities - office	25,000	25,000	25,749	(749)
Total other services and charges	346,100	286,100	251,209	34,891
Total administrative	1,116,560	1,027,560	1,031,881	(4,321)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
BILLING AND COLLECTIONS				
Personal services:				
Salaries	360,000	350,000	348,840	1,160
Other postemployment benefit costs	63,444	63,444	530,970	(467,526)
Employee group insurance	126,350	105,000	102,535	2,465
Payroll taxes	35,500	35,500	32,344	3,156
Retirement	27,500	27,500	24,018	3,482
	<u>612,794</u>	<u>581,444</u>	<u>1,038,707</u>	<u>(457,263)</u>
Supplies and materials:				
Gasoline and oil	2,500	2,500	1,606	894
Office supplies and expense	60,000	67,000	65,838	1,162
	<u>62,500</u>	<u>69,500</u>	<u>67,444</u>	<u>2,056</u>
Other services and charges:				
Collection agency	7,500	5,000	3,065	1,935
Data processing	80,000	80,000	67,907	12,093
Equipment maintenance/lease	44,000	58,000	59,031	(1,031)
Insurance and bonds	27,500	27,500	25,475	2,025
Merchant card fees	185,000	215,000	205,990	9,010
Postage	235,000	235,000	233,202	1,798
Radio communications	9,000	9,000	2,765	6,235
Repairs and maintenance:				
Truck and auto repairs	500	500	143	357
Seminars and schools	1,500	1,500	340	1,160
Telephone	-	-	5,820	(5,820)
	<u>590,000</u>	<u>631,500</u>	<u>603,738</u>	<u>27,762</u>
Total billing and collections	<u>1,265,294</u>	<u>1,282,444</u>	<u>1,709,889</u>	<u>(427,445)</u>
METER READING				
Personal services:				
Salaries	404,000	445,000	441,722	3,278
Other postemployment benefit costs	86,030	86,030	314,738	(228,708)
Employee group insurance	149,500	143,000	140,219	2,781
Payroll taxes	39,800	42,000	41,382	618
Retirement	30,000	34,000	30,316	3,684
	<u>709,330</u>	<u>750,030</u>	<u>968,377</u>	<u>(218,347)</u>

**Schedule 4
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
METER READING (Continued)				
Supplies and materials:				
Gasoline and oil	20,000	15,000	14,551	449
Office supplies and expense	1,000	2,000	1,679	321
Small tools	1,500	250	292	(42)
Total supplies and materials	<u>22,500</u>	<u>17,250</u>	<u>16,522</u>	<u>728</u>
Other services and charges:				
Insurance and bonds	33,500	33,500	33,451	49
Radio communications	7,500	7,500	6,746	754
Mobile read services	7,500	5,000	-	-
Repairs and maintenance:				
Equipment and building repairs	-	-	4,800	(4,800)
Truck and auto repairs	7,500	7,500	7,095	405
Seminars and schools	2,500	100	45	55
Total other services and charges	<u>58,500</u>	<u>53,600</u>	<u>52,137</u>	<u>(3,537)</u>
Total meter reading	<u>790,330</u>	<u>820,880</u>	<u>1,037,036</u>	<u>(221,156)</u>
WAREHOUSE AND METER SHOP				
Personal services:				
Salaries	223,000	210,000	204,967	5,033
Other postemployment benefit costs	31,291	31,291	(211,492)	242,783
Employee group insurance	51,500	49,000	48,491	509
Payroll taxes	22,000	20,000	19,757	243
Retirement	10,700	10,700	9,656	1,044
Total personal services	<u>338,491</u>	<u>320,991</u>	<u>71,379</u>	<u>249,612</u>
Supplies and materials:				
Gasoline and oil	3,000	3,000	1,495	1,505
Office supplies and expenses	3,500	3,500	3,532	(32)
Small tools	2,000	2,000	941	1,059
Warehouse supplies	20,000	15,000	9,551	5,449
Total supplies and materials	<u>28,500</u>	<u>23,500</u>	<u>15,519</u>	<u>7,981</u>

**Schedule 4
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
WAREHOUSE AND METER SHOP (Continued)				
Other services and charges:				
Freight	1,000	2,000	1,621	379
Insurance and bonds	16,000	16,000	16,045	(45)
Radio communication	1,600	1,600	1,488	112
Repairs and maintenance:				
Equipment and building repairs	8,500	5,000	3,008	1,992
Meter repair parts	3,000	3,000	1,926	1,074
Truck and auto repairs	750	750	-	-
Seminars and schools	1,500	500	295	205
	<u>32,350</u>	<u>28,850</u>	<u>24,383</u>	<u>3,717</u>
Total other services and charges				
Total warehouse and meter shop	<u>399,341</u>	<u>373,341</u>	<u>111,281</u>	<u>261,310</u>
ENGINEERING				
Personal services:				
Salaries	866,000	795,000	794,462	538
Other postemployment benefit costs	68,880	68,880	(1,226,521)	1,295,401
Employee group insurance	201,500	175,000	170,337	4,663
Payroll taxes	85,000	77,000	75,526	1,474
Retirement	62,500	57,000	52,235	4,765
	<u>1,283,880</u>	<u>1,172,880</u>	<u>(133,961)</u>	<u>1,306,841</u>
Total personal services				
Supplies and materials:				
Computer supplies	7,500	7,500	4,484	3,016
Gasoline and oil	16,000	16,000	11,688	4,312
Office supplies and expenses	9,500	14,500	14,885	(385)
	<u>33,000</u>	<u>38,000</u>	<u>31,057</u>	<u>6,943</u>
Total supplies and materials				
Other services and charges:				
GIS network	60,000	70,000	60,743	9,257
Insurance and bonds	56,000	56,000	53,392	2,608
Radio communications	15,000	18,000	17,035	965
Repairs and maintenance:				
Truck and auto repairs	7,000	12,000	11,664	336
Seminars and schools	20,000	10,000	9,221	779
	<u>158,000</u>	<u>166,000</u>	<u>152,055</u>	<u>13,945</u>
Total other services and charges				
Total engineering	<u>1,474,880</u>	<u>1,376,880</u>	<u>49,151</u>	<u>1,327,729</u>

**Schedule 4
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
OPERATIONS				
Other services and charges:				
Utilities	150,000	155,000	160,458	(5,458)
MAINTENANCE AND FIELD CREWS				
Personal services:				
Salaries	1,070,000	870,000	867,217	2,783
Other postemployment benefit costs	157,447	157,447	728,964	(571,517)
Employee group insurance	299,000	245,000	243,089	1,911
Payroll taxes	105,500	85,000	82,105	2,895
Retirement	76,000	65,000	58,211	6,789
Total personal services	1,707,947	1,422,447	1,979,586	(557,139)
Supplies and materials:				
Chemicals	2,500	10,000	11,288	(1,288)
Gasoline and oil	37,000	27,000	26,807	193
Office supplies and expenses	5,000	5,000	3,869	1,131
Small tools	10,000	10,000	6,801	3,199
Total supplies and materials	54,500	52,000	48,765	3,235
Other services and charges:				
Backflow prevention program	7,500	-	-	-
Freight	-	-	-	-
Insurance and bonds	165,000	165,000	142,548	22,452
Radio communications	13,000	13,000	9,776	3,224
Repairs and maintenance:				
Equipment repairs - field	150,000	120,000	83,774	36,226
Truck and auto repairs	16,000	16,000	14,863	1,137
Watertower maintenance	50,000	2,500	67	2,433
Waterline maintenance	700,000	700,000	629,394	70,606
Seminars and schools	6,500	2,500	2,115	385
Uniforms	4,000	6,000	5,185	815
Total other services and charges	1,112,000	1,025,000	887,722	137,278
Total maintenance and field crews	2,874,447	2,499,447	2,916,073	(416,626)

**Schedule 4
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
WATER PLANT				
Personal services:				
Salaries	1,285,000	1,170,000	1,170,328	(328)
Other postemployment benefit costs	143,966	143,966	349,804	(205,838)
Employee group insurance	332,500	267,000	263,497	3,503
Payroll taxes	126,500	115,000	109,989	5,011
Retirement	96,300	88,000	79,704	8,296
	<u>1,984,266</u>	<u>1,783,966</u>	<u>1,973,322</u>	<u>(189,356)</u>
Total personal services				
Supplies and materials:				
Chemicals	1,200,000	1,250,000	1,219,136	30,864
Generator fuel	15,000	15,000	21,581	(6,581)
Gasoline and oil	12,000	12,000	9,240	2,760
Office supplies and expense	13,000	23,000	21,687	1,313
Raw water	130,000	136,000	138,107	(2,107)
Small tools	2,000	2,000	1,353	647
Plant supplies	9,000	9,000	7,638	1,362
	<u>1,381,000</u>	<u>1,447,000</u>	<u>1,418,742</u>	<u>28,258</u>
Total supplies and materials				
Other services and charges:				
Freight	1,000	1,000	958	42
Insurance and bonds	266,000	275,000	251,554	23,446
Lab analysis	-	-	-	-
Radio communications	20,000	16,500	2,833	13,667
Repairs and maintenance:				
Bayou Black reservoir maintenance	7,000	7,000	6,502	498
Plant maintenance	225,000	225,000	233,471	(8,471)
Tractor repairs	3,000	3,000	2,574	426
Truck and auto repairs	5,000	5,000	1,665	3,335
Seminars and schools	5,000	5,000	5,656	(656)
Telephone	-	-	11,937	(11,937)
Uniforms	900	500	350	150
Utilities	575,000	550,000	512,308	37,692
	<u>1,107,900</u>	<u>1,088,000</u>	<u>1,029,808</u>	<u>58,192</u>
Total other services and charges				
	<u>4,473,166</u>	<u>4,318,966</u>	<u>4,421,872</u>	<u>(102,906)</u>
Total water plant				

**Schedule 4
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
BAC-T-LAB				
Personal services:				
Salaries	245,000	245,000	243,238	1,762
Other postemployment benefit costs	23,898	23,898	(394,724)	418,622
Employee group insurance	75,000	75,000	70,331	4,669
Payroll taxes	24,000	24,000	22,311	1,689
Retirement	18,500	18,500	17,395	1,105
Total personal services	<u>386,398</u>	<u>386,398</u>	<u>(41,449)</u>	<u>427,847</u>
Supplies and materials:				
Computer supplies	750	750	780.00	(30)
Gasoline and oil	9,000	9,000	6,426	2,574
Lab supplies	17,000	26,500	30,520	(4,020)
Office supplies and expense	6,500	6,500	6,485	15
Total supplies and materials	<u>33,250</u>	<u>42,750</u>	<u>44,211</u>	<u>(1,461)</u>
Other services and charges:				
Freight	3,000	3,000	879	2,121
Insurance and bonds	19,000	21,000	20,359	641
Janitorial services	8,000	8,000	7,742	258
Lab analysis	62,000	42,000	42,408	(408)
Radio communications	5,500	5,500	2,894	2,606
Repairs and maintenance:				
Equipment and building repairs	8,000	8,000	5,518	2,482
Truck and auto repairs	4,000	4,000	573	3,427
Seminars and schools	7,000	5,000	4,482	518
Telephone	-	-	1,671	(1,671)
Utilities	8,000	8,000	7,276	724
Total other services and charges	<u>124,500</u>	<u>104,500</u>	<u>93,802</u>	<u>10,698</u>
Total Bac-T-Lab	<u>544,148</u>	<u>533,648</u>	<u>96,564</u>	<u>437,084</u>
Totals	<u>\$ 13,088,166</u>	<u>\$ 12,388,166</u>	<u>\$ 11,534,205</u>	<u>\$ 848,211</u>
OPERATING EXPENSES				
Personal services	\$ 7,741,066	\$ 7,107,116	\$ 6,579,249	\$ 527,867
Supplies and materials	1,667,750	1,742,500	1,699,644	42,856
Other services and charges	3,679,350	3,538,550	3,255,312	277,488
Totals	<u>\$ 13,088,166</u>	<u>\$ 12,388,166</u>	<u>\$ 11,534,205</u>	<u>\$ 848,211</u>

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS -
RESTRICTED ACCOUNTS REQUIRED BY REVENUE BOND ORDINANCES**

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2020

	<u>Totals</u>	<u>Revenue Bond Sinking Fund</u>	<u>Bond Reserve Fund</u>	<u>Depreciation and Contingencies Fund</u>
Cash and cash equivalents July 1, 2019	\$ 7,595,797	\$ 1,337,226	\$ 2,120,242	\$ 4,138,329
Receipts:				
Transfers from the District	3,439,301	2,484,375	-	954,926
Total assets available	<u>11,035,098</u>	<u>3,821,601</u>	<u>2,120,242</u>	<u>5,093,255</u>
Disbursements:				
Retirement of matured bonds	1,655,000	1,655,000	-	-
Payment of matured interest coupons	770,445	770,445	-	-
Transfers to the District	25,863	-	25,863	-
Capital asset purchases	442,604	-	-	442,604
Total disbursements	<u>2,893,912</u>	<u>2,425,445</u>	<u>25,863</u>	<u>442,604</u>
Cash and cash equivalents June 30, 2020	<u><u>\$ 8,141,186</u></u>	<u><u>\$ 1,396,156</u></u>	<u><u>\$ 2,094,379</u></u>	<u><u>\$ 4,650,651</u></u>

SCHEDULE OF INSURANCE IN FORCE**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**June 30, 2020
(Unaudited)

<u>Insurer</u>	<u>Type of Coverage</u>	<u>Amount of Insurance</u>	<u>Expiration Date</u>
Tokio Marine Specialty Insurance Company	Automobile liability	\$1,000,000	July 1, 2020
Tokio Marine Specialty Insurance Company	General liability	\$3,000,000	July 1, 2020
Tokio Marine Specialty Insurance Company	General liability	\$10,000,000	July 1, 2020
Louisiana United Businesses' Association	Workers' compensation	\$1,000,000	July 1, 2020
North American Elite Insurance Company	Combined building and personal property	\$30,000,000	July 1, 2020
Tokio Marine Specialty Insurance Company	Public employee dishonesty, forgery or alteration, theft, disappearance, and destruction	\$100,000	July 1, 2020
Allianz Global Corporate & Specialty	Computer equipment and software	\$409,000	July 1, 2020
American Bankers Insurance	Flood	\$500,000	August 1, 2020

WATER CUSTOMERS

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

June 30, 2020
(Unaudited)

Records maintained by the District indicated 43,593 water customers as of June 30, 2020.

There were no unmetered customers.

SCHEDULE OF COST PER SERVICE INSTALLATION**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**For the year ended June 30, 2020
(Unaudited)**Field Crew Overhead**

Chemicals	\$ 7,943
Depreciation expense	41,070
Employee group insurance	205,499
Equipment repairs	115,986
Freight	-
Gasoline and oil	39,735
Insurance and bonds	156,921
Other post employment benefit costs	110,768
Office supplies and expenses	1,359
Payroll taxes	92,705
Radio communications	16,023
Retirement	115,799
Seminars and schools	4,686
Small tools	6,209
Truck and auto repairs	21,254
Uniforms	5,081
Watertower maintenance	67
	<hr/>
Total field crew overhead	941,105

Service installation salaries as a percentage of total field crew salaries (\$20,271/\$867,217)	<hr/> 2.34%
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Field crew overhead applicable to service installations	<hr/> 21,998
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Administrative Overhead

Total administrative costs	963,103
Service installation salaries/total salaries excluding administrative salaries (\$20,271/\$4,070,774)	<hr/> 0.50%

Administrative overhead applicable to service installations	<hr/> 4,796
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Total service installation overhead costs	<hr/> <hr/> \$ 26,794
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**Schedule 8
(Continued)**

Calculation of Average Cost per Service Installation

Service installation work order costs	\$ 114,646
Labor and equipment contractor for service installation	18,622
Total service installation overhead costs	<u>26,794</u>
Total service installation costs	160,062
Number of service installations	<u>177</u>
Average cost per service installation	<u><u>\$ 904.31</u></u>

SCHEDULE OF COST OF WATER PRODUCED
AND CONTRACT PRICE OF WATER TO BE SOLD TO
LAFOURCHE PARISH WATER DISTRICT NO. 1

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2020
(Unaudited)

Costs (From Annual Report)

Water plant expense	\$ 4,421,872
Administrative (25% of total)	257,970
Engineering (25% of total)	12,288
Bac-T-Lab (25% of total)	24,141
Depreciation - water filter	202,247
Depreciation - plant and equipment	783,729

Total costs	\$ 5,702,247
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Water Produced (Thousand Gallons)

Net production per Waterworks District No. 1's records	5,425,847
Less 10% per terms of contract	(542,585)

Net production (thousand gallons) - Unaudited	4,883,261
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Cost Per Thousand Gallons	\$ 1.16771
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Additions to Cost

Greater of 40% of cost or five cents per thousand gallons	0.46709
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Total Contract Price Per Thousand Gallons	\$ 1.63480
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SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

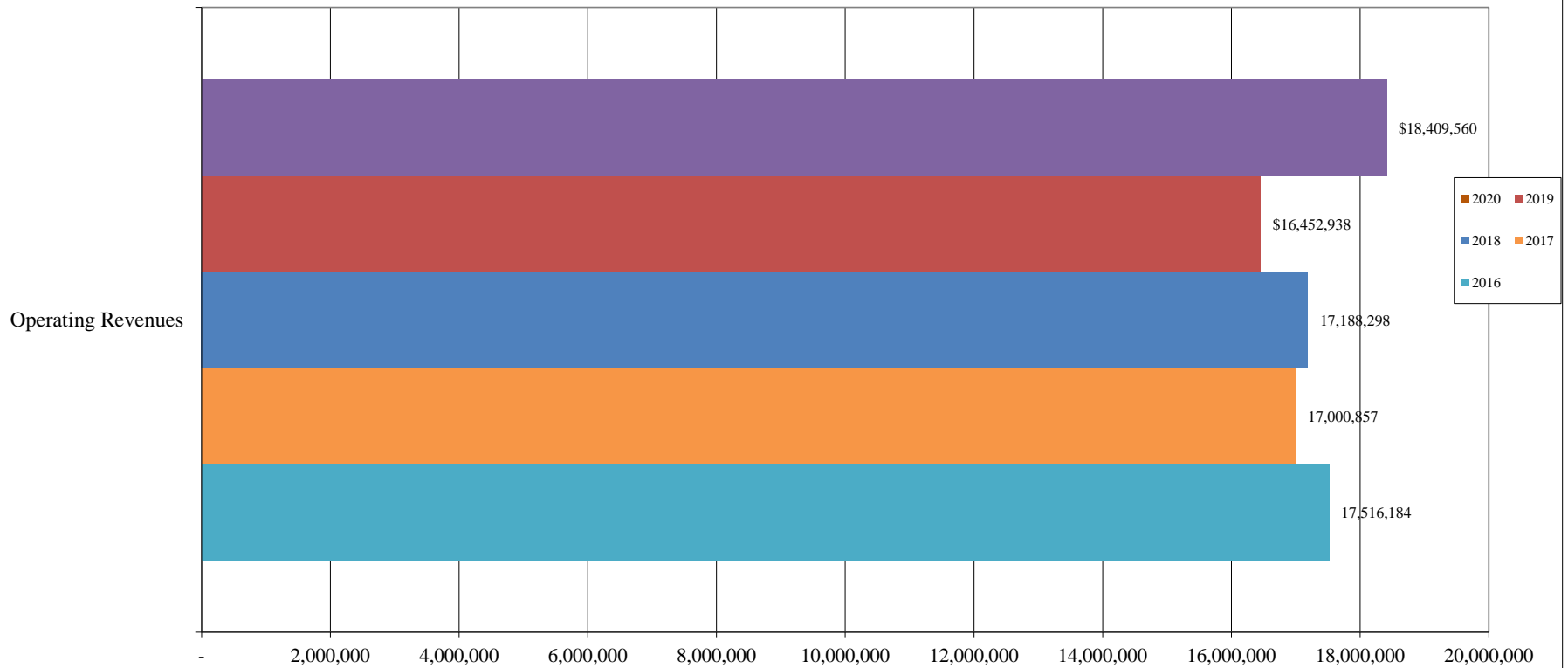
For the years ended June 30, 2020, 2019, 2018, 2017, and 2016

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
OPERATING REVENUES	<u>\$ 18,409,560</u>	<u>\$ 16,452,938</u>	<u>\$ 17,188,298</u>	<u>\$ 17,000,857</u>	<u>\$ 17,516,184</u>
OPERATING EXPENSES					
Personal services	\$ 6,579,249	\$ 6,887,158	\$ 6,533,510	\$ 6,185,096	\$ 5,575,566
Supplies and materials	1,699,644	1,652,934	1,712,994	1,758,752	1,792,831
Other services and charges	3,255,312	3,466,662	3,683,579	3,791,750	3,640,434
Depreciation	<u>3,716,825</u>	<u>3,699,560</u>	<u>3,450,734</u>	<u>3,612,806</u>	<u>3,631,042</u>
Totals	<u>\$ 15,251,030</u>	<u>\$ 15,706,314</u>	<u>\$ 15,380,817</u>	<u>\$ 15,348,404</u>	<u>\$ 14,639,873</u>

OPERATING REVENUES

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

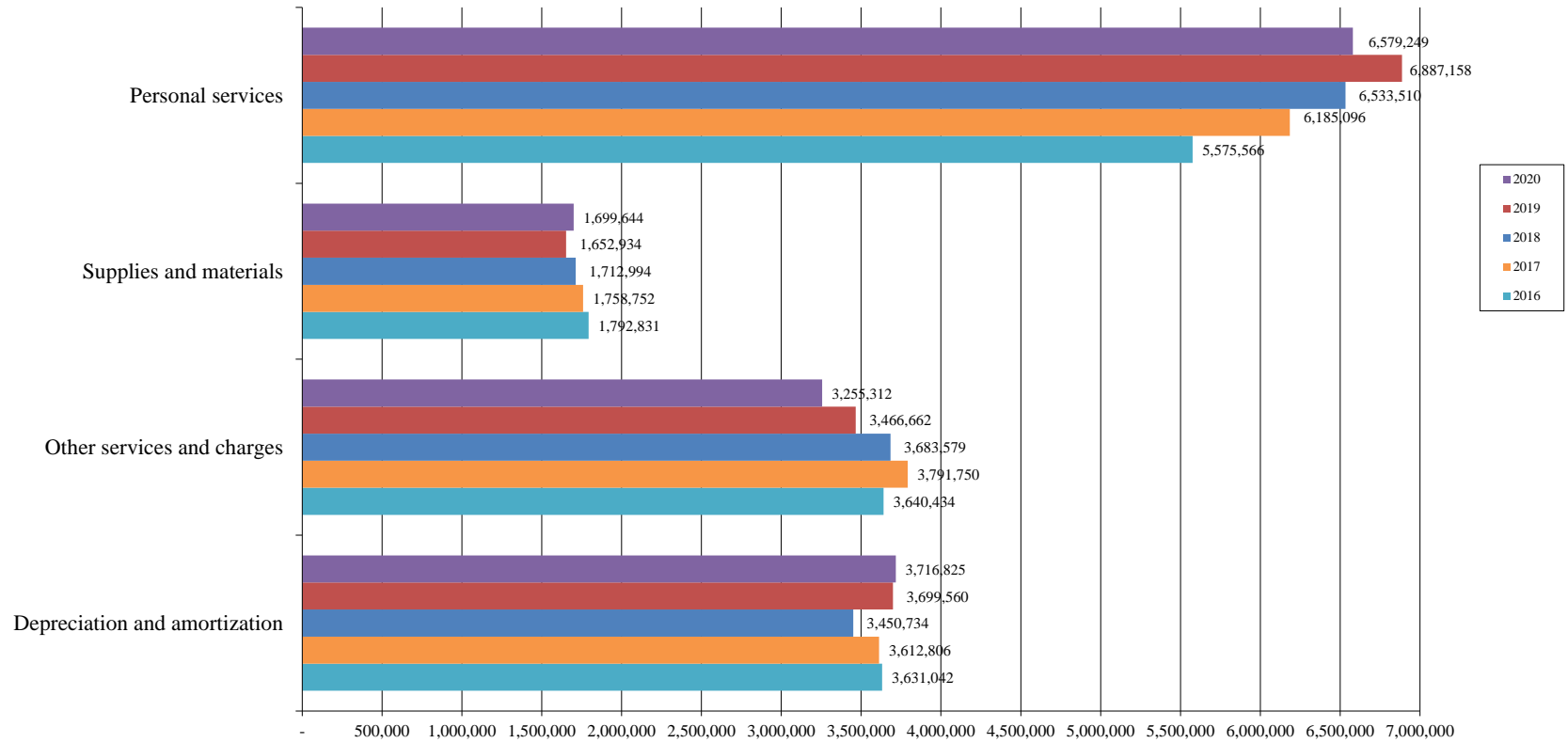
For the years ended June 30, 2020, 2019, 2018, 2017, and 2016



OPERATING EXPENSES

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the years ended June 30, 2020, 2019, 2018, 2017, and 2016



SPECIAL REPORTS 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**

To the Board of Commissioners,
Consolidated Waterworks District No. 1
of the Parish of Terrebonne, State of Louisiana,
Houma, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, (the "District"), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 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 of the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants.

Houma, Louisiana,
December 7, 2020.

SCHEDULE OF FINDINGS AND RESPONSES

**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the year ended June 30, 2020

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be a material weakness? Yes None reported

Noncompliance material to financial statements noted? Yes No

b) Federal Awards

The District did not expend Federal awards in excess of \$750,000 during the year ended June 30, 2020 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

Section II Financial Statement Findings

Internal Control

There were no financial statement internal control findings reported during the audit for the year ended June 30, 2020.

Compliance

There were no financial statement compliance findings reported during the audit for the year ended June 30, 2020

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

For the year ended June 30, 2020

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2019.

No significant deficiencies were reported during the audit for the year ended June 30, 2019.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2019.

Section II Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported the year ended June 30, 2019.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2019.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana

For the year ended June 30, 2020

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2020.

No significant deficiencies were reported during the audit for the year ended June 30, 2020.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2020.

Section II Federal Award Findings and Questioned Costs

The District did not expend Federal awards in excess of \$750,000 during the year ended June 30, 2020 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2020.