

CONCORDIA WATERWORKS DISTRICT #1
(A COMPONENT UNIT OF THE CONCORDIA
PARISH POLICE JURY)

ANNUAL FINANCIAL STATEMENTS

AS OF JUNE 30, 2020 AND 2019
AND FOR THE YEARS THEN ENDED

WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

CONCORDIA WATERWORKS DISTRICT #1
 ANNUAL FINANCIAL STATEMENTS
 AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019
 WITH SUPPLEMENTARY INFORMATION SCHEDULES

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT-----	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS-----	3-7
FINANCIAL STATEMENTS:	
Statements of Net Position-----	8-9
Statements of Revenues, Expenses, and Changes in Net Position -----	10
Statements of Cash Flows-----	11
Notes to Financial Statements -----	12-18
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Compensation, Benefits, and Other Payments to Agency Head and Board of Commissioners -----	19
Schedule of Water Rates -----	20
INTERNAL CONTROL AND COMPLIANCE REPORTS:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> -----	21-22
Schedule of Findings and Responses-----	23
Status of Prior Year Audit Findings -----	24
Current Year Findings, Recommendations, and Response -----	25



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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Concordia Waterworks District #1
Ferriday, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of Concordia Waterworks District #1 (the District), a component unit of the Concordia Parish Police Jury, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the major fund, and the aggregate remaining fund information of the District, as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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.



Natchez, Mississippi
September 9, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CONCORDIA WATERWORKS DISTRICT #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2020 AND 2019**

INTRODUCTION

The Management's Discussion and Analysis (MD&A) of Concordia Waterworks District #1's financial performance provides an overall narrative review of the District's financial activities for the years ended June 30, 2020 and 2019. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the notes to the financial statements to enhance their understanding of the District's financial performance.

Concordia Waterworks District #1 is located on Highway 15 near Ferriday, Louisiana in Concordia Parish. The District provides water to approximately 2,200 customers and is a component of the Concordia Parish Police Jury.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of the years ended June 30, 2020 and 2019, Concordia Waterworks District #1's net position increased \$253,742 resulting in ending net position of \$7,294,679 at June 30, 2020, and increased \$187,336 resulting in ending net position of \$7,040,937 at June 30, 2019.

1. The cash balance for Concordia Waterworks District #1 was \$3,362,799 at June 30, 2020, and \$3,091,185 at June 30, 2019.
2. In fiscal year 2020, the District had \$1,650,900 in revenues, which primarily consisted of water sales. There were \$1,397,158 in expenses including depreciation of \$237,052. In fiscal year 2019, the District had \$1,520,560 in revenues, which primarily consisted of water sales. There were \$1,333,224 in expenses including depreciation of \$232,137.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Concordia Waterworks District #1's basic financial statements. The District's basic financial statements comprise two components: (1) fund financial statements and (2) notes to financial statements.

Fund financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the District's net position changed during the most recent fiscal year.

The fund financial statements can be found on pages 8 through 11 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 12 through 18 of this report.

**CONCORDIA WATERWORKS DISTRICT #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2020 AND 2019**

FUND FINANCIAL ANALYSIS

Net Position as of the years ended June 30, 2020 and 2019

The following is a condensed statement of Concordia Waterworks District #1's net position as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Assets		
Current assets	\$ 3,289,916	\$ 3,035,285
Restricted assets	284,916	274,217
Noncurrent assets – capital assets	5,466,977	5,552,433
Noncurrent assets – other assets	<u>335</u>	<u>335</u>
Total assets	\$ 9,042,144	\$ 8,862,270
Deferred outflows	\$ -	\$ -
Liabilities		
Current liabilities	\$ 142,188	\$ 116,756
Current liabilities – payable from restricted assets	251,277	262,577
Long-term liabilities	<u>1,354,000</u>	<u>1,442,000</u>
Total liabilities	\$ 1,747,465	\$ 1,821,333
Deferred inflows	\$ -	\$ -
Net position		
Net investment in capital assets	\$ 4,024,977	\$ 4,000,433
Restricted for debt service	120,000	120,000
Unrestricted	<u>3,149,702</u>	<u>2,920,504</u>
Total net position	\$ 7,294,679	\$ 7,040,937

The largest portion of the District's total assets (\$5,466,977 or 60%) is its investment in capital assets such as equipment. Another portion of the District's total assets (\$284,916 or 3%) is restricted to paying long-term debt and meter deposit refunds. The remaining balance of the total assets (\$3,290,251 or 37%) may be used to pay current operating expenses and customer deposits.

The District has long-term debt, net of current portion, of \$1,354,000, which was used to finance additions to the utility system in prior years. More information concerning this debt may be found on page 17 of the notes to financial statements. Total liabilities of \$1,747,465 represent 19% of the total assets of the District.

The business-type activities increased the net position by \$253,742.

**CONCORDIA WATERWORKS DISTRICT #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2020 AND 2019**

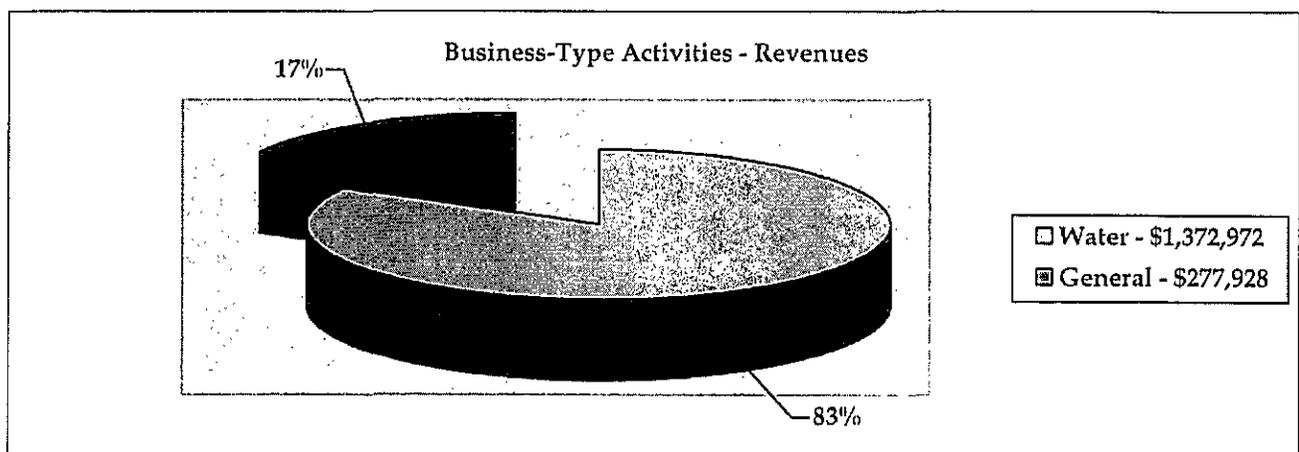
The following is a summary of the statement of activities:

	<u>2020</u>	<u>2019</u>
Revenues		
Water sales	\$ 1,372,972	\$ 1,332,094
General revenues	<u>277,928</u>	<u>188,466</u>
Total revenues	<u>\$ 1,650,900</u>	<u>\$ 1,520,560</u>
Expenses		
Operating expenses	\$ 1,343,685	\$ 1,269,397
Interest expense	<u>53,473</u>	<u>63,827</u>
Total expenses	<u>\$ 1,397,158</u>	<u>\$ 1,333,224</u>
Increase in net position	\$ 253,742	\$ 187,336
Net position, beginning of year	<u>7,040,937</u>	<u>6,853,601</u>
Net position, end of year	<u>\$ 7,294,679</u>	<u>\$ 7,040,937</u>

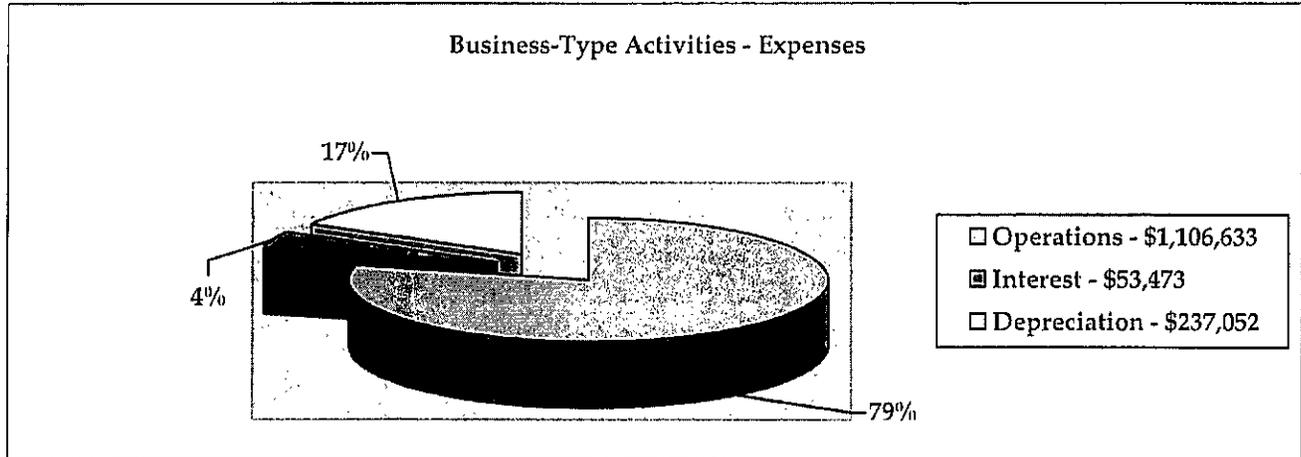
Business-type activities

The business-type activities of the District include revenues resulting from fees charged to customers.

The following presents in graphs the information from the statement of activities for the business-type activities:



**CONCORDIA WATERWORKS DISTRICT #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2020 AND 2019**



The notes to financial statements should be read to have a full understanding of the data in the government-wide financial statements.

FUTURE PLANS, CAPITAL ASSETS, AND DEBT

As of June 30, 2020, the District had \$5,466,977 invested in capital assets net of accumulated depreciation of \$4,273,889. During the year, assets of \$178,690 were added to capital assets. Additions to the system primarily included completion of the Cross Bayou Waterline project, and progress toward completing the Deer Park Waterline Project.

The District continues to monitor the water system as a whole for ways to improve the efficiency of providing water services to its customers. The District continuously monitors the water system, water lines, and water meters for general maintenance to detect and prevent issues in the future. The District currently has grant requests pending to help keep the water system in good operating condition.

On June 27, 2013, the District issued Water Revenue Refunding Bonds, Series 2013 in the amount of \$2,146,000. The proceeds of these bonds were to consolidate three outstanding notes payable and reduce the overall length of the debt repayment and reduce the overall interest expense. The Water Revenue Refunding Bonds are expected to result in a reduction of seven years of debt repayment, ultimately saving the District over \$950,000 in future interest expense.

The District had outstanding bonded indebtedness of \$1,442,000 at June 30, 2020, and \$1,552,000 at June 30, 2019. Principal payments of \$110,000 were paid during the current fiscal year. Principal payments of \$88,000 are due to be paid during the next fiscal year. This debt consists of the Water Revenue Refunding Bonds, Series 2013, which are secured by a pledge of the capital assets and revenues from the sale of water. The debt is as follows:

Original balance of \$2,146,000 issued on June 27, 2013, at a net interest rate of 3.848% due in annual installments ranging from \$142,124 to \$170,988, including principal and interest through May 1, 2033.

	<u>2020</u>	<u>2019</u>
Total indebtedness	\$ 1,442,000	\$ 1,552,000
	<u>\$ 1,442,000</u>	<u>\$ 1,552,000</u>

**CONCORDIA WATERWORKS DISTRICT #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2020 AND 2019**

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or request for additional information may be directed to Charles Renfrow, Manager, at (318) 757-4353.

FINANCIAL STATEMENTS

CONCORDIA WATERWORKS DISTRICT #1
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2020 AND 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 3,077,883	\$ 2,816,968
Accounts receivable - customers	203,403	209,687
Accrued interest receivable	287	287
Prepaid insurance	8,343	8,343
Total current assets	\$ 3,289,916	\$ 3,035,285
Restricted assets- cash and cash equivalents		
Bond Contingency Fund	\$ 120,000	\$ 120,000
Consumer deposits	164,916	154,217
Total restricted assets	\$ 284,916	\$ 274,217
Capital assets		
Property, plant, and equipment	\$ 9,740,866	\$ 9,589,270
Less accumulated depreciation	(4,273,889)	(4,036,837)
Total capital assets	\$ 5,466,977	\$ 5,552,433
Other noncurrent assets		
Utility deposits	\$ 335	\$ 335
Total assets	\$ 9,042,144	\$ 8,862,270
Deferred outflows	\$ -	\$ -

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CONCORDIA WATERWORKS DISTRICT #1
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2020 AND 2019

	2020	2019
Liabilities		
Current liabilities		
Accounts payable	\$ 137,061	\$ 104,547
Accrued interest payable	4,776	11,921
Sales tax payable	351	288
Tenant deposits	163,277	152,577
Notes payable, current portion	88,000	110,000
Total current liabilities	\$ 393,465	\$ 379,333
Long-term liabilities		
Notes payable, net of current portion	\$ 1,354,000	\$ 1,442,000
Total liabilities	\$ 1,747,465	\$ 1,821,333
Deferred inflows	\$ -	\$ -
Net position		
Net investment in capital assets	\$ 4,024,977	\$ 4,000,433
Restricted for debt service	120,000	120,000
Unrestricted	3,149,702	2,920,504
Total net position	\$ 7,294,679	\$ 7,040,937

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

CONCORDIA WATERWORKS DISTRICT #1
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating revenues		
Charges for sales and services		
Water sales	\$ 1,372,972	\$ 1,332,094
Penalties for late payment	47,746	44,157
Reconnect fees	22,850	20,755
Memberships	8,300	13,900
Other income	80,237	89,510
Total operating revenue	<u>\$ 1,532,105</u>	<u>\$ 1,500,416</u>
Operating expenses		
Salaries	\$ 449,155	\$ 387,561
Bad debts	46,293	15,038
Commissioners' fees	3,900	4,575
Depreciation	237,052	232,137
Insurance	153,885	139,588
Office expense	27,182	28,286
Operating supplies	230,780	247,444
Other operating expense	34,067	34,393
Payroll taxes	34,354	30,586
Professional fees	14,404	13,916
Repairs and maintenance	43,329	59,264
Truck expense	28,131	27,866
Utility expense	41,153	48,743
Total operating expenses	<u>\$ 1,343,685</u>	<u>\$ 1,269,397</u>
Operating income	<u>\$ 188,420</u>	<u>\$ 231,019</u>
Nonoperating revenues (expenses)		
Interest income	\$ 15,277	\$ 9,672
Interest expense	(53,473)	(63,827)
Grant income	103,518	-
Gain on disposition of assets	-	10,472
Total nonoperating revenues (expenses)	<u>\$ 65,322</u>	<u>\$ (43,683)</u>
Change in net position	\$ 253,742	\$ 187,336
Net position, beginning	<u>7,040,937</u>	<u>6,853,601</u>
Net position, ending	<u>\$ 7,294,679</u>	<u>\$ 7,040,937</u>

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

CONCORDIA WATERWORKS DISTRICT #1
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities		
Cash received from water sales	\$ 1,549,089	\$ 1,469,493
Cash paid to suppliers and employees	(1,074,056)	(1,019,085)
Net cash provided by operating activities	\$ 475,033	\$ 450,408
Cash flows from investing activities		
Purchase and construction of fixed assets	\$ (178,690)	\$ (72,749)
Disposition of fixed assets	27,094	10,472
Net cash used for investing activities	\$ (151,596)	\$ (62,277)
Cash flows from financing activities		
Principal paid on notes payable	\$ (110,000)	\$ (107,000)
Interest paid on notes payable	(60,618)	(63,827)
Interest income	15,277	9,672
Net cash used for financing activities	\$ (103,518)	\$ -
Net increase in cash and cash equivalents	\$ 271,614	\$ 226,976
Cash and cash equivalents, beginning of year	3,091,185	2,864,209
Cash and cash equivalents, end of year	\$ 3,362,799	\$ 3,091,185
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 188,420	\$ 231,019
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	\$ 237,052	\$ 232,137
(Increase) decrease in accounts receivable	6,284	(37,223)
Increase in accounts payable	32,514	18,537
Increase (decrease) in sales tax payable	63	(362)
Increase in tenant deposits	10,700	6,300
Total adjustments	\$ 286,613	\$ 219,389
Net cash provided by operating activities	\$ 475,033	\$ 450,408

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

CONCORDIA WATERWORKS DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Concordia Waterworks District #1 have been prepared in conformity with the accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Concordia Waterworks District #1 complies with the provisions of GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement 63 provides financial reporting guidance for deferred outflows and deferred inflows of resources as a consumption of net assets applicable to a future reporting period and an acquisition of net assets applicable to a future reporting period, respectively.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The more significant of Concordia Waterworks District #1's accounting policies are described below.

A. Reporting Entity

Concordia Waterworks District #1 is part of the financial reporting entity of the Concordia Parish Police Jury. It was created by the Police Jury by Ordinance 393, dated May 16, 1966, to serve the rural areas of eastern Concordia Parish, under R.S. 33:3811. As such, it is accounted for as a component unit.

Concordia Waterworks District #1 is governed by a Board of Commissioners who are appointed by the members of the Police Jury. The Board consists of five members each serving five-year terms. They are compensated at the rate of \$75 per meeting.

Concordia Waterworks District #1 serves approximately 2,200 customers with a staff of eight employees. They maintain 230 miles of water lines, supplying over 175,000,000 gallons of water annually from four wells.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Concordia Waterworks District #1 is classified and reported as a proprietary fund in the financial statements of the Concordia Parish Police Jury. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Concordia Waterworks District #1 is an enterprise fund.

CONCORDIA WATERWORKS DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

Basis of accounting refers to when revenues or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement focus applied. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on statements of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

D. Assets, Liabilities, and Equity

1. Cash and Investments

Cash in excess of monthly operating needs and restricted reserve fund requirements is invested in bank certificates of deposit with maturities from one to twelve months. Such investments are deemed to be cash equivalents for the purpose of the statement of cash flows.

Cash and investments at June 30, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Unrestricted		
Cash	\$ 2,958,828	\$ 2,695,450
Certificates of deposit	<u>119,055</u>	<u>121,518</u>
	<u>\$ 3,077,883</u>	<u>\$ 2,816,968</u>
Restricted		
Cash	\$ 245,346	\$ 234,647
Certificates of deposit	<u>39,570</u>	<u>39,570</u>
	<u>\$ 284,916</u>	<u>\$ 274,217</u>
Total cash and cash equivalents	<u>\$ 3,362,799</u>	<u>\$ 3,091,185</u>

2. Accounts Receivable

Accounts receivable consists of water charges for Concordia Waterworks District #1 and sewer charges for Concordia Sewer billed for areas within Concordia Parish.

An allowance for doubtful accounts is not maintained by Concordia Waterworks District #1. Bills not paid by the 20th of the following month receive a ten percent penalty plus \$50 late charge. Customer services are cut off and their consumer deposit surrendered once two months of nonpayment occurs. A final bill is then prepared for services in excess of the consumer deposit and submitted for collection.

CONCORDIA WATERWORKS DISTRICT #1
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Equity (continued)

3. Inventory

Inventories of materials and supplies are considered to be expenditures at the time of purchase. Amounts on hand at the financial statement date are immaterial and, therefore, are not included in the balance sheet.

4. Property, Plant, and Equipment

Additions to the utility plant in service are recognized at cost, or if contributed property, at their estimated fair market value at the time of contribution. The sale or disposal of fixed assets are recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of fixed assets used by Concordia Waterworks District #1 is charged as an expense against their operations. Depreciation is calculated over the estimated useful life of the assets using the straight-line method as follows:

	Estimated Useful Life in Years
Buildings	25
Distribution system	50
Furniture and equipment	3-25

5. Reserves of Fund Equity

Concordia Waterworks District #1 records reserves to represent those portions of fund equity legally segregated for a specific future use. The following lists such reserves used by Concordia Waterworks District #1:

	2020	2019
Debt service and depreciation reserve	\$ 120,000	\$ 120,000

6. Use of Estimates

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

**CONCORDIA WATERWORKS DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Reclassifications

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. Total net position and change in net position are unchanged due to these reclassifications.

NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT

The carrying amount of Concordia Waterworks District #1's total deposits with financial institutions at June 30, 2020, were \$3,362,399. The bank balance was \$3,368,147.

Total bank balance		\$ 3,368,147
Amount of FDIC coverage	\$ 450,190	
Market value of pledged securities	<u>3,488,713</u>	
Total federally insured or collateralized		<u>3,938,903</u>
FDIC coverage and pledged securities in excess of the total bank balance at June 30, 2020		<u>\$ (570,756)</u>

The carrying amount of Concordia Waterworks District #1's total deposits with financial institutions at June 30, 2019, were \$3,090,785. The bank balance was \$3,110,003.

Total bank balance		\$ 3,110,003
Amount of FDIC coverage	\$ 450,657	
Market value of pledged securities	<u>3,237,406</u>	
Total federally insured or collateralized		<u>3,688,063</u>
FDIC coverage and pledged securities in excess of the total bank balance at June 30, 2019		<u>\$ (578,060)</u>

NOTE 3 - RESTRICTED ASSETS

Certain assets were restricted for debt service and consumer deposits. These assets consisted of and are restricted to the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Bond contingency fund	\$ 120,000	\$ 120,000
Consumer deposits	<u>164,916</u>	<u>154,217</u>
	<u>\$ 284,916</u>	<u>\$ 274,217</u>

CONCORDIA WATERWORKS DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 - ACCOUNTS RECEIVABLE

The following is an aged analysis of accounts receivable due on June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Current billing	\$ 164,331	\$ 174,127
31-60 days	34,665	34,300
Over 60 days	4,407	1,260
	<u>\$ 203,403</u>	<u>\$ 209,687</u>

Management believes all receivables to be collectible; therefore, no allowance is recorded as of June 30, 2020 and 2019.

NOTE 5 - FIXED ASSETS

The following is a summary of property, plant, equipment, and depreciation reserves at June 30, 2020 and 2019:

	<u>06/30/20</u>	<u>Accumulated</u>	<u>Net</u>	<u>FYE 06/30/20</u>
	<u>Asset Cost</u>	<u>Depreciation</u>		<u>Depreciation</u>
Land	\$ 193,328	\$ -	\$ 193,328	\$ -
Right-of-way easements	93,814	-	93,814	-
Construction in progress	93,532	-	93,532	-
Distribution system, wells, tanks, and equipment	8,925,839	3,924,060	5,001,779	198,180
Office building, furniture, and equipment	434,353	349,829	84,524	38,872
Totals	<u>\$ 9,740,866</u>	<u>\$ 4,273,889</u>	<u>\$ 5,466,977</u>	<u>\$ 237,052</u>
	<u>06/30/19</u>	<u>Accumulated</u>	<u>Net</u>	<u>FYE 06/30/19</u>
	<u>Asset Cost</u>	<u>Depreciation</u>		<u>Depreciation</u>
Land	\$ 193,328	\$ -	\$ 193,328	\$ -
Right-of-way easements	93,814	-	93,814	-
Construction in progress	27,094	-	27,094	-
Distribution system, wells, tanks, and equipment	8,845,703	3,725,880	5,119,823	198,058
Office building, furniture, and equipment	429,331	310,957	118,374	34,079
Totals	<u>\$ 9,589,270</u>	<u>\$ 4,036,837</u>	<u>\$ 5,552,433</u>	<u>\$ 232,137</u>

Changes in fixed assets during the years ended June 30, 2020 and 2019:

	<u>Balance</u>		<u>Balance</u>
	<u>06/30/19</u>	<u>Additions</u>	<u>06/30/20</u>
		<u>Dispositions</u>	
Land	\$ 193,328	\$ -	\$ 193,328
Right-of-way easements	93,814	-	93,814
Construction in progress	27,094	93,532	93,532
Distribution system, wells, tanks, and equipment	8,845,703	80,136	8,925,839
Office building, furniture, and equipment	429,331	5,022	434,353
Totals	<u>\$ 9,589,270</u>	<u>\$ 178,690</u>	<u>\$ 9,740,866</u>

CONCORDIA WATERWORKS DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 - FIXED ASSETS (continued)

	Balance <u>06/30/18</u>	Additions	Dispositions	Balance <u>06/30/19</u>
Land	\$ 193,328	\$ -	\$ -	\$ 193,328
Right-of-way easements	93,814	-	-	93,814
Construction in progress	-	27,094	-	27,094
Distribution system, wells, tanks, and equipment	8,845,703	-	-	8,845,703
Office building, furniture, and equipment	<u>400,678</u>	<u>45,655</u>	<u>(17,002)</u>	<u>429,331</u>
Totals	<u>\$ 9,533,523</u>	<u>\$ 72,749</u>	<u>\$ (17,002)</u>	<u>\$ 9,589,270</u>

NOTE 6 - LONG-TERM DEBT

Long-term debt as of June 30, 2020 and 2019, is comprised of the following:

	<u>2020</u>	<u>2019</u>
Water Revenue Refunding Bonds, Series 2013 due to Concordia Bank & Trust, issued June 27, 2013, in the original amount of \$2,146,000 at a net interest rate of 3.848%, due in annual installments ranging from \$142,124 to \$170,988, including amortized principal and interest through May 1, 2033.	\$ 1,442,000	\$ 1,552,000
Total debt	\$ 1,442,000	\$ 1,552,000
Less current portion	<u>(88,000)</u>	<u>(110,000)</u>
Total long-term debt	<u>\$ 1,354,000</u>	<u>\$ 1,442,000</u>

The annual requirements to amortize notes payable as of June 30, 2020, including interest payments, are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2021	\$ 88,000	\$ 57,318	\$ 145,318
2022	91,000	54,238	145,238
2023	94,000	51,053	145,053
2024	97,000	47,763	144,763
2025	101,000	43,883	144,883
2026-2030	570,000	155,372	725,372
2031-2033	<u>401,000</u>	<u>34,553</u>	<u>435,553</u>
Totals	<u>\$ 1,442,000</u>	<u>\$ 444,180</u>	<u>\$ 1,886,180</u>

The Water Revenue Refunding Bonds are limited obligations of the Concordia Waterworks District #1. The bonds are secured by and payable in principal and interest solely from the income and revenues derived, or to be derived, from the operation of the water system after provisions have been made for payment therefrom of the reasonable and necessary expenses of operating and maintaining the water system.

CONCORDIA WATERWORKS DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 - RESTRICTED RESERVE FUNDS

Concordia Waterworks District #1's proprietary fund bonds are governed by bond indentures, the terms of which are summarized as follows:

Water Revenue Refunding Bonds, Series 2013

1. Water Revenue Bond and Interest-Sinking Fund

The District shall transfer monthly in advance, on or before the 20th day of each month of each year, a sum equal to the principal and interest accruing on the bonds payable from the Sinking Fund for such calendar month, to continue until such proportionate sum as may be required to pay said principal and interest as the same respectively become due.

2. Water Revenue Depreciation and Contingency Fund

The District shall transfer monthly in advance, on or before the 20th day of each month of each year, a sum equal to five percent of the amount to be paid into the Sinking Fund, to continue until such a time as there has been accumulated in the Contingency Fund a sum equal to \$120,000. Should the sum of the deposit in the Contingency Fund fall below \$120,000 at any time, then the monthly deposits set forth above will recommence until \$120,000 is on deposit therein.

OTHER SUPPLEMENTARY INFORMATION

**CONCORDIA WATERWORKS DISTRICT #1
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD AND BOARD OF COMMISSIONERS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

The schedule of compensation, benefits, and other payments to agency head and board of commissioners is presented in compliance with Louisiana Revised Statute 24:513A(3) and House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:3819. The commissioners receive \$75 for each board meeting they attend.

BOARD COMPENSATION

Agency Head: Mrs. Jean Fairbanks, President	\$	675
Mr. Warren Enterkin		825
Mrs. Catherine Cartwright		825
Mr. Mike Sanders		750
Mr. Don Linder		<u>825</u>
Total	\$	<u>3,900</u>

**CONCORDIA WATERWORKS DISTRICT #1
SCHEDULE OF WATER RATES
JUNE 30, 2020**

Water rates for the year ended June 30, 2020:

Residential

¾" Meters 0-2,000 gallons	\$30.00 minimum
Over 2,000 gallons	\$4.50 per thousand

Commercial

1", 1½", 2", 3" Meters 0-2,000 gallons	\$31.50 minimum
Over 2,000 gallons	\$4.50 per thousand

See Independent Auditor's Report.

INTERNAL CONTROL AND COMPLIANCE REPORTS



209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

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

To the Management and the Board of Directors
Concordia Waterworks District #1
Ferriday, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of Concordia Waterworks District #1, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Concordia Waterworks District #1's basic financial statements and have issued our report thereon dated September 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Concordia Waterworks District #1'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 Concordia Waterworks District #1's internal control. Accordingly, we do not express an opinion on the effectiveness of Concordia Waterworks District #1's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, 2019-01 described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Concordia Waterworks District #1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not identify any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, issues of noncompliance may exist that have not been identified.

Concordia Waterworks District #1's Response to Findings

Concordia Waterworks District #1's response to the findings identified in our audit is described in the accompanying schedule of findings. Concordia Waterworks District #1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of Members of the Board of Directors, Management of Concordia Waterworks District #1, and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Natchez, Mississippi
September 9, 2020

**CONCORDIA WATERWORKS DISTRICT #1
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditor's report issued on the financial statements: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | Yes |
| 3. Material noncompliance to the financial statements? | No |

CONCORDIA WATERWORKS DISTRICT #1
STATUS OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2019

SECTION II: FINANCIAL STATEMENT FINDINGS

2019-1 Segregation of Duties (Internal Control Finding) (Unresolved)

Condition: Due to the small size of the District and the lack of separation of duties from employees, many important elements of good internal control cannot be implemented to ensure adequate protection of the District's assets.

Criteria: The important elements of good internal control require that the same employee does not handle the functions of collection, accounting, billing, collections, receiving, and check writing.

Cause of Condition: The small size of the entity and the lack of employees.

Effect of Condition: Material weakness in internal control.

Recommendation: We recommend that management continue to provide the necessary oversight in its internal control procedures, specifically in the areas of cash receipts, recording of transactions, deposits, and review of checks written.

Response: Management indicates that it is not feasible or cost efficient to provide the internal control that a larger organization could provide. Management will continue to provide the necessary oversight in its current internal control procedures in order to safeguard assets.

CONCORDIA WATERWORKS DISTRICT #1
CURRENT YEAR FINDINGS, RECOMMENDATION, AND RESPONSE
FOR THE YEAR ENDED JUNE 30, 2020

SECTION II: FINANCIAL STATEMENT FINDINGS

2020-1 Segregation of Duties (Internal Control Finding)

Condition: Due to the small size of the District and the lack of separation of duties from employees, many important elements of good internal control cannot be implemented to ensure adequate protection of the District's assets.

Criteria: The important elements of good internal control require that the same employee does not handle the functions of collection, accounting, billing, collections, receiving, and check writing.

Cause of Condition: The small size of the entity and the lack of employees.

Effect of Condition: Material weakness in internal control.

Recommendation: We recommend that the management continue to provide the necessary oversight in its internal control procedures, specifically in the areas of cash receipts, recording of transactions, deposits, and review of checks written.

Response: Management indicates that it is not feasible or cost efficient to provide the internal control that a larger organization could provide. Management will continue to provide the necessary oversight in its current internal control procedures in order to safeguard assets.