

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

ANNUAL FINANCIAL STATEMENTS

AS OF JUNE 30, 2018 AND 2017  
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, 2018 AND 2017**  
**WITH SUPPLEMENTARY INFORMATION SCHEDULES**

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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, each 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, 2018 and 2017, 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, each major fund, and the aggregate remaining fund information of Concordia Waterworks District #1, as of June 30, 2018 and 2017, 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 Concordia Waterworks District #1'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 dated August 21, 2018, on our consideration of Concordia Waterworks District #1'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 Concordia Waterworks District #1's internal control over financial reporting and compliance.



Natchez, Mississippi  
August 21, 2018

**CONCORDIA WATERWORKS DISTRICT #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2018 AND 2017**

## **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, 2018 and 2017. 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 2,350 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, 2018 and 2017, Concordia Waterworks District #1's net position decreased \$27,626 resulting in ending net position of \$6,853,601 at June 30, 2018, and increased \$29,239 resulting in ending net position of \$6,881,227 at June 30, 2017.

1. The cash balance for Concordia Waterworks District #1 was \$2,864,209 at June 30, 2018, and \$2,917,800 at June 30, 2017.
2. In fiscal year 2018, the District had \$1,165,665 in revenues, which primarily consisted of water sales. There were \$1,193,291 in expenses including depreciation of \$217,666. In fiscal year 2017, the District had \$1,189,527 in revenues, which primarily consisted of water sales. There were \$1,160,288 in expenses including depreciation of \$211,019.

## **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, 2018 AND 2017**

**FUND FINANCIAL ANALYSIS**

**Net Position as of the years ended June 30, 2018 and 2017**

The following is a condensed statement of Concordia Waterworks District #1's net position as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current assets	\$ 2,777,502	\$ 2,826,124
Restricted assets	267,801	268,270
Noncurrent assets – capital assets	5,711,821	5,778,600
Noncurrent assets – other assets	<u>335</u>	<u>335</u>
<b>Total assets</b>	<u>\$ 8,757,459</u>	<u>\$ 8,873,329</u>
Deferred Outflows	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities</b>		
Current liabilities	\$ 98,581	\$ 81,775
Current liabilities – payable from restricted assets	253,277	251,327
Long-term liabilities	<u>1,552,000</u>	<u>1,659,000</u>
<b>Total liabilities</b>	<u>\$ 1,903,858</u>	<u>\$ 1,992,102</u>
Deferred Inflows	<u>\$ -</u>	<u>\$ -</u>
<b>Net position</b>		
Net investment in capital assets	\$ 4,052,821	\$ 3,885,145
Restricted for debt service	120,000	120,000
Unrestricted	<u>2,680,780</u>	<u>2,876,082</u>
<b>Total net position</b>	<u>\$ 6,853,601</u>	<u>\$ 6,881,227</u>

The largest portion of the District's total assets (\$5,711,821 or 65%) is its investment in capital assets such as equipment. Another portion of the District's total assets (\$267,801 or 3%) is restricted to paying long-term debt. The remaining balance of the total assets (\$2,777,837 or 32%) may be used to pay current operating expenses and customer deposits.

The District has long-term debt, net of current portion, of \$1,552,000, 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 \$1,903,858 represent 22% of the total assets of the District.

The business-type activities decreased the net position by \$27,626.

**CONCORDIA WATERWORKS DISTRICT #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2018 AND 2017**

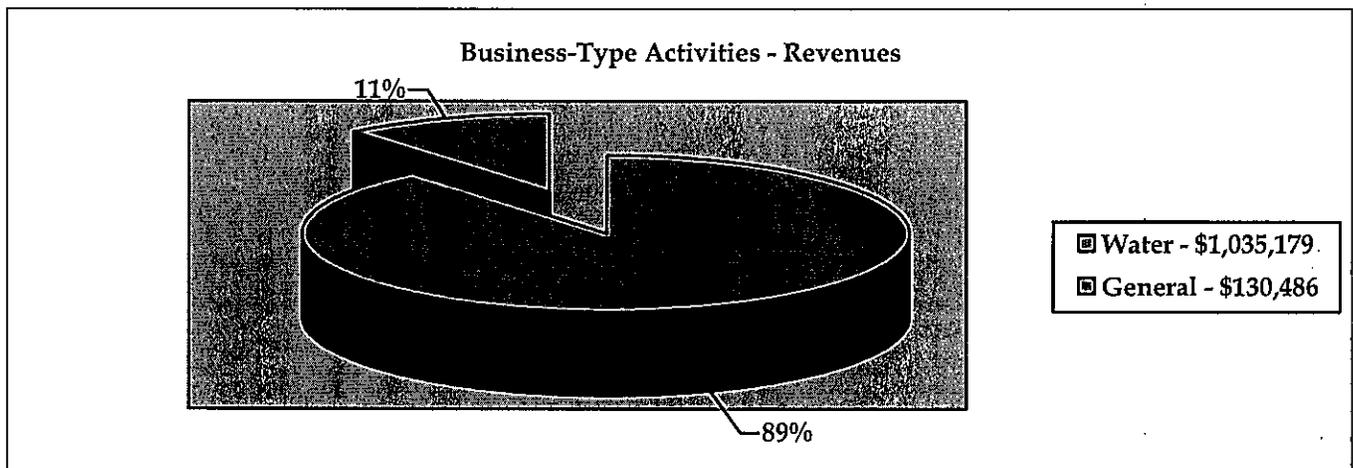
The following is a summary of the statement of activities:

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Water sales	\$ 1,035,179	\$ 1,041,956
General revenues	<u>130,486</u>	<u>147,571</u>
<b>Total revenues</b>	<u>\$ 1,165,665</u>	<u>\$ 1,189,527</u>
<b>Expenses</b>		
Operating expenses	\$ 1,127,363	\$ 1,086,824
Interest expense	<u>65,928</u>	<u>73,464</u>
<b>Total expenses</b>	<u>\$ 1,193,291</u>	<u>\$ 1,160,288</u>
Increase (decrease) in net position	\$ (27,626)	\$ 29,239
Net position, beginning of year	<u>6,881,227</u>	<u>6,851,988</u>
Net position, end of year	<u>\$ 6,853,601</u>	<u>\$ 6,881,227</u>

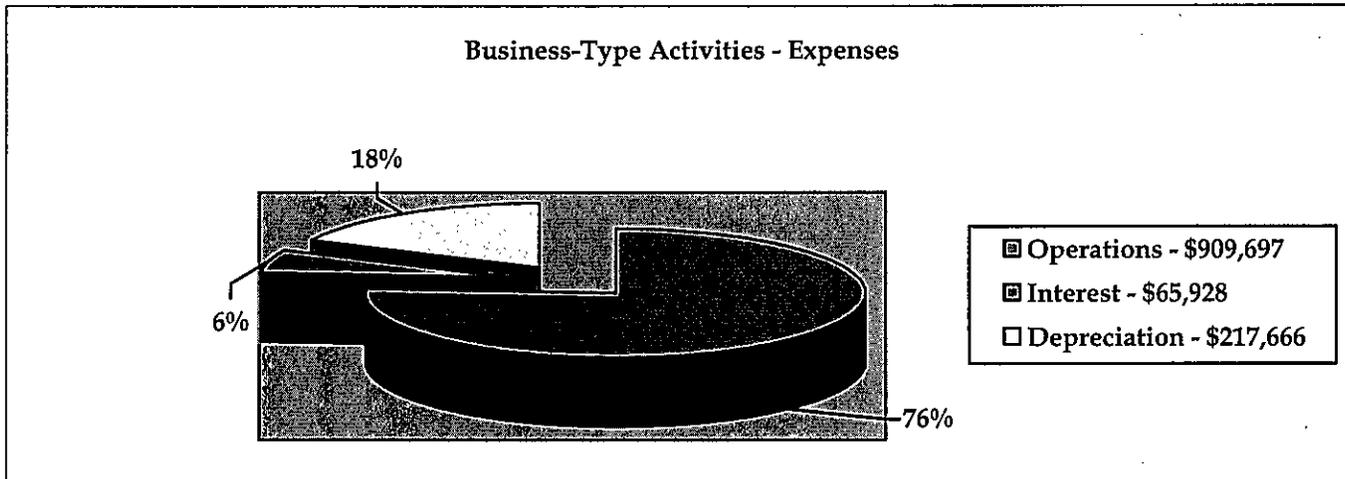
**Business-type activities**

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, 2018 AND 2017**



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, 2018, the District had \$5,711,821 invested in capital assets net of accumulated depreciation of \$3,821,702. During the year, assets of \$150,887 were added to capital assets. Additions to the system primarily included water system improvements and the addition of a generator.

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 \$1,659,000 at June 30, 2018, and \$1,764,000 at June 30, 2017. Principal payments of \$105,000 were paid during the current fiscal year. Principal payments of \$107,000 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 \$169,988 to \$170,988, including principal and interest through May 1, 2033.

	<u>2018</u>	<u>2017</u>
Total indebtedness	\$ 1,659,000	\$ 1,764,000
	<u>\$ 1,659,000</u>	<u>\$ 1,764,000</u>

**CONCORDIA WATERWORKS DISTRICT #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2018 AND 2017**

**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.

**CONCORDIA WATERWORKS DISTRICT #1**  
**STATEMENTS OF NET POSITION**  
**AS OF JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current assets		
Cash	\$ 2,466,246	\$ 2,516,564
Investments	130,162	132,966
Accounts receivable - customers	172,464	166,846
Accrued interest receivable	287	287
Prepaid insurance	8,343	9,461
Total current assets	<u>\$ 2,777,502</u>	<u>\$ 2,826,124</u>
Restricted assets		
Bond Contingency Fund	\$ 120,000	\$ 120,000
Consumer deposits	147,801	148,270
Total restricted assets	<u>\$ 267,801</u>	<u>\$ 268,270</u>
Capital assets		
Property, plant, and equipment	\$ 9,533,523	\$ 9,382,636
Less accumulated depreciation	(3,821,702)	(3,604,036)
Total capital assets	<u>\$ 5,711,821</u>	<u>\$ 5,778,600</u>
Other noncurrent assets		
Utility deposits	<u>\$ 335</u>	<u>\$ 335</u>
Total assets	<u>\$ 8,757,459</u>	<u>\$ 8,873,329</u>
Deferred Outflows	<u>\$ -</u>	<u>\$ -</u>

-continued-

**CONCORDIA WATERWORKS DISTRICT #1**  
**STATEMENTS OF NET POSITION**  
**AS OF JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 86,010	\$ 69,309
Accrued interest payable	11,921	11,921
Sales tax payable	650	545
Tenant deposits	146,277	146,327
Notes payable, current portion	107,000	105,000
Total current liabilities	<u>\$ 351,858</u>	<u>\$ 333,102</u>
Long-term liabilities		
Notes payable, net of current portion	<u>\$ 1,552,000</u>	<u>\$ 1,659,000</u>
Total liabilities	<u>\$ 1,903,858</u>	<u>\$ 1,992,102</u>
Deferred Inflows	<u>\$ -</u>	<u>\$ -</u>
<b>Net position</b>		
Net investment in capital assets	\$ 4,052,821	\$ 3,885,145
Restricted for debt service	120,000	120,000
Unrestricted	<u>2,680,780</u>	<u>2,876,082</u>
Total net position	<u>\$ 6,853,601</u>	<u>\$ 6,881,227</u>

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, 2018 AND 2017**

	2018	2017
<b>Operating revenues</b>		
Charges for sales and services		
Water sales	\$ 1,035,179	\$ 1,041,956
Penalties for late payment	34,092	35,155
Reconnect fees	14,350	14,422
Memberships	6,300	11,800
Other income	69,729	79,178
Total operating revenue	\$ 1,159,650	\$ 1,182,511
<b>Operating expenses</b>		
Salaries	\$ 325,417	\$ 335,968
Bad debts	7,327	6,021
Commissioners' fees	4,125	3,675
Depreciation	217,666	211,019
Insurance	144,008	129,134
Office expense	17,289	38,170
Operating supplies	213,788	190,851
Other operating expense	61,025	16,442
Payroll taxes	25,448	24,495
Professional fees	13,275	9,000
Repairs and maintenance	35,945	37,212
Truck expense	16,871	27,185
Utility expense	45,179	57,652
Total operating expenses	\$ 1,127,363	\$ 1,086,824
Operating income	\$ 32,287	\$ 95,687
<b>Nonoperating revenues (expenses)</b>		
Interest income	\$ 6,015	\$ 5,875
Interest expense	(65,928)	(73,464)
Gain on sale of assets	-	1,141
Total nonoperating revenues (expenses)	\$ (59,913)	\$ (66,448)
Change in net position	\$ (27,626)	\$ 29,239
Net position, beginning	6,881,227	6,851,988
Net position, ending	\$ 6,853,601	\$ 6,881,227

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, 2018 AND 2017**

	2018	2017
<b>Cash flows from operating activities</b>		
Cash received from water sales	\$ 1,153,982	\$ 1,206,116
Cash paid to suppliers and employees	(891,773)	(873,687)
Net cash provided by operating activities	\$ 262,209	\$ 332,429
<b>Cash flows from investing activities</b>		
Purchase and construction of fixed assets	\$ (150,887)	\$ (86,975)
Sale of fixed assets	-	1,141
Net cash used for investing activities	\$ (150,887)	\$ (85,834)
<b>Cash flows from financing activities</b>		
Principal paid on notes payable	\$ (105,000)	\$ (103,000)
Interest paid on notes payable	(65,928)	(67,988)
Interest income	6,015	5,819
Net cash used for financing activities	\$ (164,913)	\$ (165,169)
Net increase (decrease) in cash and cash equivalents	\$ (53,591)	\$ 81,426
Cash and cash equivalents, beginning of year	2,917,800	2,836,374
Cash and cash equivalents, end of year	\$ 2,864,209	\$ 2,917,800
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 32,287	\$ 95,687
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>		
Depreciation expense	\$ 217,666	\$ 211,019
(Increase) decrease in accounts receivable	(5,618)	22,355
(Increase) decrease in prepaid expenses	1,118	(854)
Increase in accounts payable	16,701	3,045
Increase (decrease) in sales tax payable	105	(73)
Increase (decrease) in tenant deposits	(50)	1,250
Total adjustments	\$ 229,922	\$ 236,742
Net cash provided by operating activities	\$ 262,209	\$ 332,429

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

**CONCORDIA WATERWORKS DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**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 Statement No. 63 of the Governmental Accounting Standards Board, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement No. 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 2,350 customers with a staff of nine 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, 2018 AND 2017**

**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 purpose of the statement of cash flows.

Cash and investments at June 30, 2018 and 2017, were as follows:

	<u>2018</u>	<u>2017</u>
Unrestricted		
Cash	\$ 2,466,246	\$ 2,516,564
Certificates of deposit	<u>130,162</u>	<u>132,966</u>
	<u>\$ 2,596,408</u>	<u>\$ 2,649,530</u>
Restricted		
Cash	\$ 228,231	\$ 228,700
Certificates of deposit	<u>39,570</u>	<u>39,570</u>
	<u>\$ 267,801</u>	<u>\$ 268,270</u>
Total cash and cash equivalents	<u>\$ 2,864,209</u>	<u>\$ 2,917,800</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 20<sup>th</sup> of the following month receive a ten percent penalty plus \$35 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, 2018 AND 2017**

**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:

	2018	2017
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, 2018 AND 2017**

**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, 2018, were \$2,864,209. The bank balance was \$2,883,301.

Total bank balance		\$ 2,883,301
Amount of FDIC coverage	\$ 464,484	
Market value of pledged securities	<u>2,941,292</u>	
Total federally insured or collateralized		<u>3,405,776</u>
FDIC coverage and pledged securities in excess of the total bank balance at June 30, 2018		<u>\$ (522,475)</u>

The carrying amount of Concordia Waterworks District #1's total deposits with financial institutions at June 30, 2017, were \$2,917,800. The bank balance was \$2,933,659.

Total bank balance		\$ 2,933,659
Amount of FDIC coverage	\$ 464,484	
Market value of pledged securities	<u>3,269,735</u>	
Total federally insured or collateralized		<u>3,734,219</u>
FDIC coverage and pledged securities in excess of the total bank balance at June 30, 2017		<u>\$ (800,560)</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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Bond contingency fund	\$ 120,000	\$ 120,000
Consumer deposits	<u>147,801</u>	<u>148,270</u>
	<u>\$ 267,801</u>	<u>\$ 268,270</u>

**CONCORDIA WATERWORKS DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 4 - ACCOUNTS RECEIVABLE**

The following is an aged analysis of accounts receivable due on June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Current billing	\$ 140,364	\$ 136,885
31-60 days	31,319	29,742
Over 60 days	781	219
	<u>\$ 172,464</u>	<u>\$ 166,846</u>

Management believes all receivables to be collectible, therefore no allowance is recorded as of June 30, 2018 and 2017.

**NOTE 5 - FIXED ASSETS**

The following is a summary of property, plant, equipment, and depreciation reserves at June 30, 2018 and 2017:

	<u>06/30/18</u> <u>Asset Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net</u>	<u>FYE 06/30/18</u> <u>Depreciation</u>
Land	\$ 193,328	\$ -	\$ 193,328	\$ -
Right-of-way easements	93,814	-	93,814	-
Distribution system, wells, tanks, and equipment	8,845,703	3,527,823	5,317,880	183,566
Office building, furniture, and equipment	400,678	293,879	106,799	34,100
Totals	<u>\$ 9,533,523</u>	<u>\$ 3,821,702</u>	<u>\$ 5,711,821</u>	<u>\$ 217,666</u>

	<u>06/30/17</u> <u>Asset Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net</u>	<u>FYE 06/30/17</u> <u>Depreciation</u>
Land	\$ 193,328	\$ -	\$ 193,328	\$ -
Right-of-way easements	93,814	-	93,814	-
Distribution system, wells, tanks, and equipment	8,738,755	3,344,257	5,394,498	184,199
Office building, furniture, and equipment	356,739	259,779	96,960	26,820
Totals	<u>\$ 9,382,636</u>	<u>\$ 3,604,036</u>	<u>\$ 5,778,600</u>	<u>\$ 211,019</u>

Changes in fixed assets during the years ended June 30, 2018 and 2017:

	<u>Balance</u> <u>06/30/17</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>06/30/18</u>
Land	\$ 193,328	\$ -	\$ -	\$ 193,328
Right-of-way easements	93,814	-	-	93,814
Distribution system, wells, tanks, and equipment	8,738,755	106,948	-	8,845,703
Office building, furniture, and equipment	356,739	43,939	-	400,678
Totals	<u>\$ 9,382,636</u>	<u>\$ 150,887</u>	<u>\$ -</u>	<u>\$ 9,533,523</u>

**CONCORDIA WATERWORKS DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 5 - FIXED ASSETS (continued)**

	Balance <u>06/30/16</u>	<u>Additions</u>	<u>Dispositions</u>	Balance <u>06/30/17</u>
Land	\$ 193,328	\$ -	\$ -	\$ 193,328
Right-of-way easements	93,814	-	-	93,814
Distribution system, wells, tanks, and equipment	8,700,816	37,939	-	8,738,755
Office building, furniture, and equipment	325,836	49,036	(18,133)	356,739
Totals	<u>\$ 9,313,794</u>	<u>\$ 86,975</u>	<u>\$ (18,133)</u>	<u>\$ 9,382,636</u>

**NOTE 6 - LONG-TERM DEBT**

Long-term debt as of June 30, 2018 and 2017, is comprised of the following:

	<u>2018</u>	<u>2017</u>
Water Revenue Refunding Bonds, Series 2013 due to Concordia Bank and 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.	\$ 1,659,000	\$ 1,764,000
Total debt	\$ 1,659,000	\$ 1,764,000
Less current portion	<u>(107,000)</u>	<u>(105,000)</u>
Total long-term debt	<u>\$ 1,552,000</u>	<u>\$ 1,659,000</u>

The annual requirements to amortize notes payable as of June 30, 2018, including interest payments, are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2019	\$ 107,000	\$ 63,828	\$ 170,828
2020	110,000	60,618	170,618
2021	88,000	57,318	145,318
2022	91,000	54,238	145,238
2023	94,000	51,053	145,053
2024-2028	527,000	198,374	725,374
2029-2033	642,000	83,198	725,198
Totals	<u>\$ 1,659,000</u>	<u>\$ 568,627</u>	<u>\$ 2,227,627</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, 2018 AND 2017**

**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 20<sup>th</sup> 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 20<sup>th</sup> 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.

**NOTE 8 - COMPENSATION PAID TO COMMISSIONERS**

The following reflects compensation paid to the Board of Commissioners for the year ending June 30, 2018:

Mrs. Jean Fairbanks, President	\$	825
Mr. Warren Enterkin		750
Mrs. Catherine Cartwright		750
Mr. Mike Sanders		900
Mr. Don Linder		<u>900</u>
Total	\$	<u><u>4,125</u></u>

**OTHER SUPPLEMENTARY INFORMATION**

**CONCORDIA WATERWORKS DISTRICT #1  
SCHEDULE OF COMPENSATION, BENEFITS, AND  
OTHER PAYMENTS TO AGENCY HEAD  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

Agency Head: Mrs. Jean Fairbanks, President

<u>Purpose</u>	<u>Amount</u>
Per diem (monthly meetings)	\$ <u>825</u>
Total	\$ <u><u>825</u></u>

See Independent Auditor's Report.

**CONCORDIA WATERWORKS DISTRICT #1  
SCHEDULE OF WATER RATES  
JUNE 30, 2018**

Water rates from July 1, 2012 to June 30, 2018:

Residential

¾" Meters 0 - 2,000 gallons	\$22.00 minimum
Over 2,000 gallons	\$3.25 per thousand

Commercial

1", 1 ½", 2", 3" Meters 0 - 2,000 gallons	\$23.50 minimum
Over 2,000 gallons	\$3.25 per thousand

See Independent Auditor's Report.

**INTERNAL CONTROL AND COMPLIANCE REPORTS**



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**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, each major fund, and the aggregate remaining fund information of Concordia Waterworks District #1, as of and for the years ended June 30, 2018 and 2017, 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 August 21, 2018.

**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, 2018-01 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.

Handwritten signature in cursive script that reads "Silas Simmons, LLP".

Natchez, Mississippi  
August 21, 2018

**CONCORDIA WATERWORKS DISTRICT #1  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018**

**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, 2017

**SECTION II: FINANCIAL STATEMENT FINDINGS**

2017-1                    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 controls cannot be implemented to ensure adequate protection of the District's assets.

Criteria:              The important elements of good internal controls 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, 2018**

**SECTION II: FINANCIAL STATEMENT FINDINGS**

2018-1	<u>Segregation of Duties (Internal Control Finding)</u>
Condition:	Due to the small size of the District and the lack of separation of duties from employees, many important elements of good internal controls cannot be implemented to ensure adequate protection of the District's assets.
Criteria:	The important elements of good internal controls 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.

**CONCORDIA WATERWORKS DISTRICT #1**

**AGREED-UPON PROCEDURES REPORT**

**JUNE 30, 2018**



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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Concordia Waterworks District #1  
and the Louisiana Legislative Auditor:

We have performed the procedures attached, which were agreed to by Concordia Waterworks District #1 (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The District's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are included in the supplement to this report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in cursive script that reads 'Silas Simmons, LLP'.

Natchez, Mississippi  
August 21, 2018

CONCORDIA WATERWORKS DISTRICT #1  
SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

Written Policies and Procedures

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1. Obtain and inspect the District's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
  - b) *Purchasing*, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the public bid law, and (5) documentation required to be maintained for all bids and price quotes.
  - c) *Disbursements*, including processing, reviewing, and approving.
  - d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
  - j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: We reviewed the written policies and procedures for the related functions listed in the above procedures. Through our review, we were able to verify that the District has appropriate written policies and procedures for the related topics.

No exceptions were noted during the above procedures.

### ***Board or Finance Committee***

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
  - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Findings: We obtained a copy of the District's minutes for the fiscal period. We reviewed the minutes to determine whether the managing board met on a frequency in accordance with the board's enabling legislation, charter, or equivalent document. We reviewed the minutes to determine whether they referenced or included monthly budget-to-actual comparisons. We obtained a copy of the prior year audit report and observed the unrestricted fund balance in the enterprise fund as being positive.

During the above procedures, we noted that budget-to-actual comparisons were not referenced during each month of the fiscal year.

### ***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the District's main operating account. Select the District's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: We obtained a list of bank accounts from the list management gave for bank confirmations and had management identify the main operating bank account. We selected the main operating bank account and randomly selected four bank accounts. We obtained the related bank statements and randomly selected one month from the fiscal period to review whether bank reconciliations had been prepared within two months of the related statement closing date, included evidence of a member of management unrelated to the cash collection/disbursement processes had reviewed each bank reconciliation, and included documentation that management has researched reconciling items that have been outstanding for more than 12 months from that statement closing date.

No exceptions were noted during the above procedures.

### Collections

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).

Findings: We reviewed a listing of deposit sites for the fiscal period and management's representation that the listing is complete. The District has only one deposit site.

No exceptions were noted during the above procedures.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Findings: We obtained a listing of collection locations and management's representation that the listing is complete. The District has only one collection location at the one deposit site. We obtained written policies and procedures and inquired of management and employees to determine whether employees who are responsible for cash collections do not share cash drawers/registers, do not prepare/make bank deposits, and is not responsible for posting collection entries to the general ledger or subsidiary ledgers, and employees responsible for reconciling cash collections to the general ledger or subsidiary ledger(s) are not responsible for collecting cash.

During our review of the above procedures, we noted there are two employees who collect cash, and they share the District's only cash register. One of those two employees (Employee One) prepares the deposit and the other (Employee Two) takes the deposit to the bank. They check each other for reconciling the collection documentation as Employee One posts entries to Quickbooks and Employee Two posts entries to the billing computer's daily cash report. Both employees are also responsible for reconciling cash collections to the general ledger.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Findings: We inquired of management to determine if they are covered by a bond or insurance policy for theft to determine that there is a blanket policy covering theft.

No exceptions were noted during the above procedures.

7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the ten deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

Findings: We randomly selected two deposit dates for each of the five bank accounts selected under procedure #3 and performed the procedures above by observing that receipts are sequentially pre-numbered, trace to collection documentation and the bank statements. We observed that deposits were made within one business day of receipt and that the deposits were traced from the bank statement to the general ledger.

No exceptions were noted during the above procedures.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).

Findings: We obtained a list of locations that process payments and management's representation that the listing is complete. The District has one location for processing payments.

No exceptions were noted during the above procedures.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Findings: Using the District's one location, we obtained a list of employees involved with non-payroll purchasing and payment functions and written policies and procedures. We observed that job duties are properly segregated such that at least two employees are involved in initiating, approving, and placing a purchase request, at least two employees are involved in processing and approving payments to vendors, the employee responsible for processing vendor payments cannot add/modify vendor files, and the officials responsible for signing checks gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions were noted during the above procedures.

10. For each location selected under #8 above, obtain the District's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Findings: For the one location from procedure #8, we obtained the non-payroll disbursement transaction population and management's representation that the population is complete. We randomly selected five disbursements and obtained the supporting documentation to observe that the disbursement matched the related original invoice and that the related documentation included evidence of segregation of duties tested under procedure #9.

During our review of the above procedure, we noted that we could not determine who approved the invoice even though there was evidence of approval on the original invoice.

#### *Credit Cards/Debit Cards/Fuel Cards/P-Cards*

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-Cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Findings: We obtained a listing of all active cards from management and management's representation that the listing was complete.

No exceptions were noted during the above procedure.

12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.

Findings: Due to all cards being fuel cards on a combined monthly statement, we selected all cards and observed that the combined monthly statement for one month randomly selected was reviewed and approved. We observed that the combined monthly statements were approved by the Board in the minutes. We observed that finance charges and late fees were not assessed on the selected statement.

No exceptions were noted during the above procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select ten transactions (or all transactions if less than ten) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have ten transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

The following procedure was not performed in the current year due to no exceptions in prior year testing.

*Travel and Travel-Related Expense Reimbursements (excluding card transactions)*

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
  - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The following procedures were not performed in the current year due to no exceptions in prior year testing.

#### *Contracts*

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

The following procedures were not performed in the current year due to no exceptions in prior year testing.

#### *Payroll and Personnel*

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

The following procedures were not performed in the current year due to no exceptions in prior year testing.

### *Ethics*

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20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

The following procedures were not performed in the current year due to no exceptions in prior year testing.

### *Debt Service*

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

The following procedures were not performed in the current year due to no exceptions in prior year testing.

### *Other*

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The following procedures were not performed in the current year due to no exceptions in prior year testing.

CONCORDIA WATERWORKS DISTRICT #1  
SCHEDULE OF EXCEPTIONS  
FOR THE YEAR ENDED JUNE 30, 2018

<u>Reference No.</u>	<u>Description of Exception</u>
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Board or Finance Committee

Procedure 2b	Budget-to-actual comparisons were not referenced during each month of the fiscal year.
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Collections

Procedure 5	There are two employees who collect cash and they share the District's only cash register. One of those two employees (Employee One) prepares the deposit and the other (Employee Two) takes the deposit to the bank. They check each other for reconciling the collection documentation as Employee One posts entries to Quickbooks and Employee Two posts entries to the billing computer's daily cash report. Both employees are also responsible for reconciling cash collections to the general ledger.
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Non-Payroll Disbursements

Procedure 10b	It could not be determined who approved the invoice even though there was evidence of approval on the original invoice.
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**Management Response**

Board or Finance Committee

Procedure 2b	Budget-to-actual comparisons were not referenced during the fiscal year.
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Response:	A monthly budget-to-actual comparison will be completed each month, instead of the quarterly budget report.
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Collections

Procedure 5	Employees
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Response:	Due to the size of our water system, it is not feasible to have more than two (2) employees in our office. A system of checks and balances have been implemented to help assure accountability. It is our hope to maintain these checks and balances to continue and provide protection for our financial obligations.
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Non-Payroll Disbursements

Procedure 10b	Invoices
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Response:	Invoices are prepared and approved at the regular monthly board meeting. The action of a motion and second will be added to our regular monthly meetings to show an approval of the invoices.
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