

Financial Report

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

June 30, 2019



Financial Report

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

June 30, 2019

TABLE OF CONTENTS

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

June 30, 2019

	<u>Exhibits</u>	<u>Page Numbers</u>
Introductory Section		
Title Page		i
Table of Contents		ii - iv
Financial Section		
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		4 - 9
Basic Financial Statements:		
Statement of Net Position	A	10 - 11
Statement of Revenues, Expenses, and Changes in Net Position	B	12
Statement of Cash Flows	C	13 - 14
Notes to Financial Statements	D	15 - 42
Required Supplementary Information Section		
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	E	43
Schedule of the District's Proportionate Share of the Net Pension Liability	F	44
Schedule of District Contributions	G	45

TABLE OF CONTENTS
(Continued)

	<u>Schedules</u>	<u>Page Numbers</u>
Supplementary Information Section		
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	1	46
Schedule of Revenues, Expenses, and Changes in Net Position (Budget and Actual)	2	47
Schedule of Operating Revenues (Budget and Actual)	3	48
Schedule of Departmental Expenses (Budget and Actual)	4	49 - 55
Schedule of Cash Receipts and Disbursements - Restricted Accounts Required by Revenue Bond Ordinances	5	56
Schedule of Insurance in Force (Unaudited)	6	57
Water Customers (Unaudited)	7	58
Schedule of Cost Per Service Installation (Unaudited)	8	59 - 60
Schedule of Cost of Water Produced and Contract Price of Water to Be Sold to Lafourche Parish Water District No. 1 (Unaudited)	9	61
Schedule of Operating Revenues and Operating Expenses for the Years Ended June 30, 2019, 2018, 2017, 2016, and 2015	10	62
Graph of Operating Revenues for the Years Ended June 30, 2019, 2018, 2017, 2016, and 2015	11	63
Graph of Operating Expenses for the Years Ended June 30, 2019, 2018, 2017, 2016, and 2015	12	64

TABLE OF CONTENTS
(Continued)

	<u>Schedules</u>	<u>Page Numbers</u>
Special Reports of Certified Public Accountants		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		65 - 66
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		67 - 69
Schedule of Expenditures of Federal Awards		70
Notes to Schedule of Expenditures of Federal Awards		71
Schedule of Findings and Questioned Costs		72 - 73
Reports by Management		
Schedule of Prior Year Findings and Responses		74
Management's Corrective Action Plan		75
Statewide Agreed-upon Procedures		
Independent Accountant's Report on Applying Agreed-upon Procedures		76
Schedule of Procedures and Associated Findings of the Statewide Agreed-upon Procedures	13	77 - 89

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne,, State of Louisiana (the "District"), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, as of June 30, 2019, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions on pages 4 through 9, 43, 44 and 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries with management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The information contained in Schedules 1 through 12 on pages 46 through 64 for the year ended June 30, 2019 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards, on page 70 is presented for purposes of additional analysis as required by the *Title 2 US. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information, except for Schedules 6 through 9 on pages 57 through 61 marked "unaudited" and the Schedule of Federal Awards, has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements and to the financial statements themselves, and other additional procedures in accordance with auditing procedures generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2019, as a whole. Schedules 6 through 9 on pages 57

through 61 marked "unaudited" have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the statement of net position of Consolidated Waterworks District No. 1 as of June 30, 2018, 2017, 2016, and 2015, and the related statement of revenues, expenses and changes in net position for each of the four years ended June 30, 2018 (none of which is represented herein), and have issued our reports thereon dated December 13, 2018, October 31, 2017, December 15, 2016, and November 23, 2015, respectively, which contained an unmodified opinion on those financial statements. The information contained in Schedules 10 through 12 on pages 62 through 64 for the years ended June 30, 2018, 2017, 2016, and 2015 is also presented for additional analysis and not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the accounting and other records used to prepare the financial statements as of and for the years ended June 30, 2018, 2017, 2016, and 2015. The information for the years ended June 30, 2018, 2017, 2016, and 2015 in Schedules 10 through 12 on pages 62 through 64 has been subjected to auditing procedures applied in the audits of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared those financial statements or to those financial statements themselves, and other procedures in accordance with auditing procedures generally accepted in the United States of America. In our opinion, the information presented in Schedules 10 through 12 on pages 62 through 64 for the years ended June 30, 2018, 2017, 2016, and 2015 is fairly stated in all material respects in relation to the financial statements as a whole from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2019 on our consideration of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 10, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

June 30, 2019

This section of the District's financial report presents our analysis of the District's financial performance during the year ended June 30, 2019. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's change in net position was an increase of \$1.1 million.
- During the year the District's operating revenues decreased by \$0.7 million or -4.07%, while other operating expenses increased by \$0.1 million or 0.84%.
- Non-operating revenues increased by \$0.8 million or 266.67% due to increases in investment income and intergovernmental grant revenues.
- Non-operating expense which is interest expense remained constant at \$0.9 for the year ended June 30, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REQUIRED BASIC FINANCIAL STATEMENTS

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

REQUIRED BASIC FINANCIAL STATEMENTS (Continued)

in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the year and can be used to determine whether the District has successfully recovered all its costs through its fees and other charges, profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments throughout the year. This statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities.

FINANCIAL ANALYSIS OF THE DISTRICT

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

NET POSITION

To begin our analysis, a summary of the District's Statement of Net Position is presented below:

Condensed Statements of Net Position (In millions of dollars)

	June 30,		Dollar	Total
	2019	2018	Change	Percent
				Change
Current and other assets	\$ 28.1	\$ 28.0	\$0.1	0.36%
Capital assets	98.0	97.5	0.5	0.51%
Deferred outflows of resources	2.2	0.5	1.7	340.00%
Total assets and deferred outflows of resources	<u>\$ 128.3</u>	<u>\$ 126.0</u>	<u>\$2.3</u>	1.83%
Long-term debt and obligations				
Outstanding	\$ 33.8	\$ 33.3	\$0.5	1.50%
Current and other liabilities	5.3	4.8	0.5	10.42%
Deferred inflows of resources	1.1	0.9	0.2	22.22%
Total liabilities and deferred inflows of resources	<u>40.2</u>	<u>39.0</u>	<u>1.2</u>	3.08%
Investment in capital assets	73.7	72.1	1.6	2.22%
Restricted	7.6	7.5	0.1	1.33%
Unrestricted	6.8	7.4	(0.6)	-8.11%
Total net position	<u>88.1</u>	<u>87.0</u>	<u>1.1</u>	1.26%
Total liabilities and net position	<u>\$ 128.3</u>	<u>\$ 126.0</u>	<u>\$2.3</u>	1.83%

NET POSITION (Continued)

As can be seen from the table on the previous page, net position increased \$1.1 million to \$88.1 million for the year ended June 30, 2019. This increase reflects capital projects, unrestricted net position (those that can be used to finance day-to-day operations) and restricted net position. Long-term debt and obligations has increased by \$0.5 million primarily as a result issuances of long-term debt, and increases in post-employment obligations for retiree health insurance and retirement.

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

	June 30,		Dollar	Total
	2019	2018	Change	Percent
				Change
Operating revenues	\$ 16.5	\$ 17.2	\$ (0.7)	-4.07%
Non-operating revenues	1.1	0.3	0.8	266.67%
Total revenues	<u>17.6</u>	<u>17.5</u>	<u>0.1</u>	0.57%
Depreciation	3.7	3.5	0.2	5.71%
Other operating expenses	12.0	11.9	0.1	0.84%
Non-operating expenses	0.9	0.9	-	0.00%
Total expenses	<u>16.6</u>	<u>16.3</u>	<u>0.3</u>	1.84%
Change in net position before capital contributions	1.0	1.2	(0.2)	-16.67%
Capital contributions	<u>0.1</u>	<u>0.3</u>	<u>(0.2)</u>	-66.67%
Change in net position	<u>1.1</u>	<u>1.5</u>	<u>(0.4)</u>	-26.67%
Beginning net position, restated	<u>87.0</u>	<u>85.5</u>	<u>1.5</u>	1.75%
Ending net position	<u>\$ 88.1</u>	<u>\$ 87.0</u>	<u>\$ 1.1</u>	1.26%

The Statement of Revenues, Expenses, and Changes in Net Position provide answers as to the nature and source of changes in net position. The District's operating revenues decreased by \$0.7 million to \$16.5 million or 4.07% primarily due to decreases in customer revenues. Non-operating revenues increased by \$0.8 million primarily due to improved returns on deposits and Federal, \$0.3, and state, \$0.1, capital grants. The District's other operating expenses increased \$0.1 million primarily due to \$0.4 million increase in personal services and a \$0.25 million increase in depreciation expense. These operating expense increases were partially offset by a \$0.55 decrease in expenses for supplies and other services and charges. Non-operating expenses, interest expense, remained consistent with the prior year. The District has capitalized \$0.1 million

NET POSITION (Continued)

of newly completed waterlines donated to the District by developers. These capitalized costs are reported as capital contributions and is \$0.2 million less than the amount as reported in the prior fiscal year.

BUDGETARY HIGHLIGHTS

As required by revenue bond resolutions, the District adopts a line item budget no later than 30 days prior to the start of the following year. The budget is reviewed and amended as needed. During the year ended June 30, 2019, the budget was amended in the third and fourth quarters. The amendments reflected a net increase in operating income of \$118,870 associated with a decrease of \$432,800 for less than anticipated increases in personal services and a \$326,050 decrease in expenses for supplies and other services and other charges. Operating revenues were also decreased by \$639,980 because of less revenue from customers during the year.

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

CAPITAL ASSETS

As of June 30, 2019, the District had invested \$175.6 million in a broad range of infrastructure including water plants at Schriever and Houma and a distribution system throughout the parish. In addition District capital assets include a warehouse, administration facilities, vehicles, furniture and equipment as shown below. This amount represents an increase of \$3.3 million, or 1.9%, over last year.

Capital Assets (In millions of dollars)

	June 30,		Dollar	Total
	2019	2018	Change	Percent
				Change
Land	\$ 0.6	\$ 0.6	\$ -	0.0%
Water plant	43.1	43.1	-	0.0%
Distribution system	125.4	122.6	2.8	2.3%
Administrative building	3.3	2.3	1.0	43.5%
Plant equipment	0.6	0.6	-	0.0%
Furniture and equipment	0.8	0.9	(0.1)	-11.1%
Automobiles and trucks	1.1	1.1	-	0.0%
Construction in progress	0.7	1.1	(0.4)	-36.4%
Subtotal	175.6	172.3	3.3	1.9%
Less accumulated depreciation	77.6	74.8	2.8	3.7%
Net book value	<u>\$98.0</u>	<u>\$97.5</u>	<u>\$ 0.5</u>	0.5%

CAPITAL ASSETS (Continued)

This year's capital improvements included:

- Replaced waterlines in Montegut and along Bayou Blue.
- Relocated waterline at Bayou Terrebonne Bridge at the intersection of LA 660 and LA 24.
- Completion of tank painting in Bayou Black.
- Waterlines donated by developers.
- Administration building renovations and purchases of furniture and fixtures.
- Purchases of various autos and trucks.

LONG-TERM DEBT AND OBLIGATIONS

As of June 30, 2019, the District had \$23.25 million in long-term debt (water revenue bonds) down from \$24.50 million as of June 30, 2018 for a net decrease of \$1.25 million. During the year ended June 30, 2018, the District issued \$0.35 million in new debt through the State's Drinking Water Revolving Loan Fund Program. Also in the fiscal year, the District paid \$1.6 million in principal payments on outstanding debt. In addition to current drawdowns, the District's other long-term obligations, \$250,060, represent qualified incurred expenditures pending reimbursement from drawdowns subsequent to year end. The District's unamortized bond premium as of June 30, 2019 amounted to \$.8 million, which was a decrease of \$0.1 million compared to the prior year. Current and other liabilities as of June 30, 2019 include \$1.8 million of the District's long-term debt. More detailed information about the District's long-term debt is presented in Note 6 to the financial statements.

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

Bond covenants allow for the issuance of additional debt, on a parity basis, subject to certain conditions. The major criterion is that annual net revenues must be at least 1.2 times the highest combined annual principal and interest requirements. The District currently carries a coverage ratio of 1.61 down from last year's ratio of 1.76.

As of June 30, 2019, the District's obligation for postemployment health care was \$10.2 million, which is an increase of \$0.5 million for the year end June 30, 2019 and a current year expense of \$0.7 million. More information on the District's postemployment health care obligation is presented in the Note 7 to the financial statements.

As of June 30, 2019, the District's proportional share of the net pension liability amounted to \$1.1 million or an increase of \$1.6 million for the year then ended. More information on the District's proportional share of the net pension liability of the Parochial Employees Retirement System is presented in the Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Commissioners and management considered many factors when setting the fiscal year 2020 budget. One of those factors is the economy of Terrebonne Parish. The District's customer base, both commercially and residentially, has decreased as a result of downturns in offshore oil and gas drilling and exploration. Revenues from water sales and services available for recovering operating expenses are projected to be \$15.6 million, a decrease of \$.3 million from actual operating revenues in fiscal year 2019. Budgeted operating expenses, including depreciation and amortization, are expected to be lower than actual for the fiscal year 2019 actual by approximately 7.0% to \$16.8 million. Budgeted employment costs are affected by a 2% merit increase in employee salaries, a 20% increase in group insurance costs and a 7% increase in property and liability insurance premiums.

REQUESTS FOR INFORMATION

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

STATEMENT OF NET POSITION

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

June 30, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current

Cash and cash equivalents	\$ 14,480,650
Accounts receivable:	
Customers	1,033,873
Unbilled water sales	1,266,046
Allowance for uncollectible accounts	(194,689)
Interest receivable	45,026
Due from State of Louisiana:	
Office of Homeland Security and Emergency Preparedness	335,596
Department of Health and Hospitals	376,419
Inventory of materials and supplies	663,570
Prepaid insurance	248
	<hr/>
Total current assets	18,006,739

Restricted Cash and Cash Equivalents

Meter Deposit Fund	2,513,241
Revenue Bond Sinking Fund	1,337,226
Bond Reserve Fund	2,120,242
Depreciation and Contingencies Fund	4,138,329
Construction 2012 Fund	3,417
	<hr/>
Total restricted cash and cash equivalents	10,112,455

Capital Assets

Non-depreciable	1,253,798
Depreciable, net	96,727,548
	<hr/>
Total capital assets	97,981,346
	<hr/>
Total assets	126,100,540

Deferred Outflows of Resources

Other postemployment benefits	985,133
Pensions	1,197,037
	<hr/>
Total deferred inflows of resources	2,182,170

Total assets and deferred outflows of resources \$128,282,710

See notes to financial statements.

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current

Payable from current assets:	
Accounts payable and accrued expenses	\$ 832,452
Payable from restricted assets:	
Accrued interest on bonds	154,365
Revenue bonds:	
Bonds payable	1,703,000
Unamortized bond premium	85,187
Meter deposits	2,513,241
	<hr/>
Total current liabilities payable from restricted assets	4,455,793
	<hr/>
Total current liabilities	5,288,245

Long-term

Revenue bonds:	
Bonds payable	21,556,592
Unamortized bond premium	723,776
	<hr/>
Total revenue bonds	22,280,368
Other postemployment benefit obligation	10,222,399
Net pension liability	1,075,874
Other	250,060
	<hr/>
Total long-term liabilities	33,828,701
	<hr/>
Total liabilities	39,116,946

Deferred Inflows of Resources

Bond refunding	27,271
Other postemployment benefits	835,824
Pensions	239,941
	<hr/>
Total deferred inflows of resources	1,103,036
	<hr/>
Total liabilities and deferred inflows of resources	40,219,982

NET POSITION

Net investment in capital assets	73,666,148
Restricted for:	
Debt service	3,443,018
Renewal and replacement	4,138,329
Unrestricted	6,815,233
	<hr/>
Net position	88,062,728
	<hr/>
Total liabilities, deferred inflows of resources and net position	\$128,282,710

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

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

For the year ended June 30, 2019

OPERATING REVENUES

Revenues from water sales and services	\$ 15,922,915
Other operating revenues	530,023
	16,452,938
Total operating revenues	16,452,938

OPERATING EXPENSES

Personal services	6,887,158
Supplies and materials	1,652,934
Other services and charges	3,466,662
Depreciation	3,699,560
	15,706,314
Total operating expenses	15,706,314
Operating income	746,624

NON-OPERATING REVENUES (EXPENSES)

Investment income	466,478
Intergovernmental	340,971
Amortization of bond premium	91,498
Bond interest	(920,643)
Liquidated damages	182,150
	160,454
Net non-operating expenses	160,454

Change in net position before capital contributions	907,078
---	---------

CAPITAL CONTRIBUTIONS

	165,607
	165,607

Change in net position	1,072,685
------------------------	-----------

NET POSITION

Beginning of year	86,990,043
End of year	\$ 88,062,728

See notes to financial statements.

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

For the year ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 16,317,548
Cash payments to suppliers for goods and services	(4,624,746)
Cash payments to employees for services and benefits	(6,286,740)

Net cash provided by operating activities	5,406,062
---	-----------

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Settlement of claims and lawsuits	174,290
-----------------------------------	---------

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

Acquisition and construction of capital assets	(4,045,369)
Intergovernmental capital project grants	233,803
Proceeds from issuance of bonds	350,004
Principal paid on outstanding debt	(1,600,000)
Interest paid on outstanding debt	(938,742)

Net cash used by capital and related financing activities	(6,000,304)
---	-------------

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	458,334
-------------------	---------

Net increase in cash and cash equivalents	38,382
---	--------

CASH AND CASH EQUIVALENTS

Beginning of year	24,554,723
-------------------	------------

End of year	\$ 24,593,105
-------------	---------------

CLASSIFIED AS

Current assets	\$ 14,480,650
Restricted assets	10,112,455

Total cash and cash equivalents	\$ 24,593,105
---------------------------------	---------------

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating income	<u>\$ 746,624</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	3,699,560
Bad debts	77,088
Other post employment benefit obligations	390,341
Pension	224,127
(Increase) decrease in assets:	
Accounts receivable	(217,649)
Inventory of material and supplies	17,349
Increase in liabilities:	
Accounts payable and accrued expenses	446,681
Meter deposits	<u>21,941</u>
Total adjustments	<u>4,659,438</u>
Net cash provided by operating activities	<u><u>\$ 5,406,062</u></u>

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

Amortization of bond premium was \$91,488.

Capital assets received in noncash capital contributions was \$165,607.

See notes to financial statements.

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

June 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting Entity

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

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

It has been determined based upon the above criteria that the District is a component unit of the Terrebonne Parish Consolidated Government and will be included in its comprehensive financial report for the year ending June 30, 2019.

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

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

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

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

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The District's various bond indentures require the establishment of certain accounts which are referred to as "funds". These required accounts are maintained as part of the accounting records of the District. They include the Revenue Bond Sinking Fund, Bond Reserve Fund, and Depreciation and Contingencies Fund. These are not "funds" as the term is used in generally accepted accounting principles, but are 19 separate "accounts" used to delineate the accounting and reporting for bond-related money and repayment security requirements.

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

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

c) Use of Estimates

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Cash and Cash Equivalents

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

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

e) Accounts Receivable

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

f) Inventory of Material and Supplies

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

g) Restricted Assets

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

h) Capital Assets

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (Continued)

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

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

i) Long-Term Debt

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

j) Accumulated Unpaid Vacation and Sick Leave

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Deferred Outflows and Inflows of Resources

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

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

l) Contracts Payable

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

m) Revenues and Expenses

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Pensions

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

o) Net Position

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements

During the year ending June 30, 2019, the District implemented the following GASB Statements:

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources beginning after June 15, 2018. This statement did not affect the District's financial statements.

Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*" improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This statement clarifies which liabilities governments should include when disclosing information related to debt. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. This statement did not affect the District's financial statements.

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

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 90, "*Majority Equity Interest*" the primary objectives of this statement are to improve the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. The requirements of this statement are effective for reporting period beginning after December 15, 2018. Management has not yet determined the effect of this statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

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

Note 2 - BUDGET

The Board is required by revenue bond resolutions to adopt a line item budget for the District within thirty days of the end of its fiscal year for the following year. The Board adopted a line item budget for the year ended June 30, 2019. The budget was amended twice during the year. All revisions to the budget must be approved by the Board. The budget lapses at year-end.

Note 3 - DEPOSITS AND INVESTMENTS

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

Bank Deposits:

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

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

Bank Deposits: (Continued)

The year end balances of deposits are as follows:

	Bank Balances	Reported Amount
Cash	\$ 4,418,652	\$ 3,850,805
Certificates of deposit	5,995,000	5,995,000
Totals	\$10,413,652	\$9,845,805

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of June 30, 2019, \$8,647,360 of the District's bank balance of \$10,413,652 was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent and are deemed to be held in the District's name by state statutes.

As of June 30, 2019, cash and certificates of deposits were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

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

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments: (Continued)

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

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

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

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

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

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments: (Continued)

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of June 30, 2019 amounted to \$14,747,000 and are classified on the Statement of Net Assets as unrestricted and restricted "Cash and Cash Equivalents".

A reconciliation of deposits and investments as shown on the Statement of Net Assets is as follows:

Cash on hand	\$ 300
Reported amount of deposits	9,845,805
Reported amount of investments	<u>14,747,000</u>
Total	<u>\$24,593,105</u>
Classified as:	
Current assets	\$14,480,650
Restricted assets	<u>10,112,455</u>
Total	<u><u>\$24,593,105</u></u>

Note 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balance June 30, 2019</u>
Capital assets not being depreciated:				
Land	\$ 581,471	\$ -	\$ -	\$ 581,471
Construction in progress	<u>1,073,414</u>	<u>2,664,612</u>	<u>(3,065,699)</u>	<u>672,327</u>
Total capital assets not being depreciated	<u>1,654,885</u>	<u>2,664,612</u>	<u>(3,065,699)</u>	<u>1,253,798</u>
Capital assets being depreciated:				
Water plant	42,276,282	252,485	-	42,528,767
Water plant - water filters	812,150	179,400	(384,810)	606,740
Distribution system	121,992,754	882,376	1,737,695	124,612,825
Distribution system - tank painting and improvements	604,696	-	197,656	802,352
Administrative building	2,316,055	-	949,918	3,265,973
Plant equipment	590,852	-	-	590,852
Furniture and equipment	902,744	170,059	(223,100)	849,703
Automobiles and trucks	<u>1,120,266</u>	<u>83,572</u>	<u>(112,041)</u>	<u>1,091,797</u>
Total capital assets being depreciated	<u>170,615,799</u>	<u>1,567,892</u>	<u>2,165,318</u>	<u>174,349,009</u>
Less accumulated depreciation for:				
Water plant	(19,574,460)	(758,731)	-	(20,333,191)
Water plant - water filters	(363,124)	(229,912)	384,810	(208,226)
Distribution system	(51,155,456)	(2,241,843)	-	(53,397,299)
Distribution system - tank painting and improvements	(398,905)	(196,555)	180,430	(415,030)
Administrative building	(1,438,618)	(70,147)	-	(1,508,765)
Plant equipment	(481,685)	(24,541)	-	(506,226)
Furniture and equipment	(632,815)	(70,461)	214,190	(489,086)
Automobiles and trucks	<u>(768,309)</u>	<u>(107,370)</u>	<u>112,041</u>	<u>(763,638)</u>
Total accumulated depreciation	<u>(74,813,372)</u>	<u>(3,699,560)</u>	<u>891,471</u>	<u>(77,621,461)</u>
Total capital assets being depreciated, net	<u>95,802,427</u>	<u>(2,131,668)</u>	<u>3,056,789</u>	<u>96,727,548</u>
Total capital assets, net	<u>\$97,457,312</u>	<u>\$ 532,944</u>	<u>\$ (8,910)</u>	<u>\$97,981,346</u>

Additions to the distribution system include the estimated fair value of newly completed waterlines donated to the District by developers. The donated waterlines amount to \$165,607 for the year ended June 30, 2019.

Note 4 - CAPITAL ASSETS (Continued)

Reported as adjustments, \$3,065,699, are the completion and reclassification of capital projects to their functional asset groupings, which had been previously accounted for as construction in progress.

The District has active construction projects in the engineering and planning phases as of June 30, 2019. At year end, the District's commitments with contractors are as follows:

Project	Incurred to Date	Remaining Commitment
Waterline Replacement Palm Ave	\$ -	\$355,963
Waterline Replacement Company Canal	-	99,061
Hollywood Road Roundabout	-	97,150
Totals	\$ -	\$552,174

Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of June 30, 2019 consisted of the following:

Vendors	\$509,166
Salaries and benefits	197,339
State of Louisiana	
Department of Health and Hospitals	119,437
Department of Revenue	6,510
Total	\$832,452

Note 6 - LONG-TERM OBLIGATIONS

Activity in long-term obligations for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Obligations Retired	New Issues	Balance June 30, 2019	Current Amounts
Revenue bonds	\$24,509,588	\$(1,600,000)	\$ 350,004	\$23,259,592	\$1,703,000
Unamortized bond premium	900,461	(91,498)	-	808,963	85,187
Other postemployment benefits	9,683,388	-	539,011	10,222,399	-
Net pension liability (asset)	(491,478)	-	1,567,352	1,075,874	-
Other	-	-	250,060	250,060	-
Totals	\$34,601,959	\$(1,691,498)	\$2,706,427	\$35,616,888	\$1,788,187

Note 6 - LONG-TERM OBLIGATIONS (Continued)

Revenue bonds as June 30, 2019 consists of the following:

Taxable Water Revenue Bonds, Series 2014A payable in the amount of \$4,200,000, issued December 23, 2014, with a yield of 2.95% (plus a 5% annual administrative fee) for the purpose of constructing and acquiring improvements and extensions to the District's waterworks system. The bonds were purchased by the Louisiana Department of Health and Hospitals and bond proceeds are distributed from time to time as construction progresses. The terms of the Loan and Pledge Agreement accompanying the bonds contain a 30% principal forgiveness provision on each draw down limited to \$1,125,000. Additional borrowings of \$1,297,408, after application of 30% principal forgiveness, are available as of June 30, 2019, after application of unreimbursed costs. The bonds are scheduled to mature November 1, 2035. \$ 1,658,592

Revenue Refund Bonds, Series 2014 payable in the amount of \$5,995,000, issued May 6, 2014, with a premium of \$195,243 and a yield of 2.92%, to refund \$6,610,000 of outstanding Water Revenue Refunding Bonds, Series 2003A and are scheduled to mature November 1, 2023. 5,065,000

Revenue Bonds, Series 2012A payable in the amount of \$17,300,000, issued October 30, 2012 with a premium of \$1,240,525 for the purpose of constructing and acquiring improvements and extensions to the District's waterworks system, with a yield of 4.64 %, and final maturity November 1, 2037. 15,270,000

Water Revenue Bonds, Series 2010 payable in the amount of \$1,900,000, issued December 29, 2010, with a yield of 2.95% (plus a 5% annual administrative fee) for the purpose of constructing and acquiring improvements and extensions to the District's waterworks system. The bonds were purchased by the Louisiana Department of Health and Hospitals and are scheduled to mature November 1, 2030. 1,266,000

Total \$23,259,592

Note 6 - LONG-TERM OBLIGATIONS (Continued)

The annual requirements to amortize debt outstanding for water revenue bonds, assuming full issuance of the Taxable Water Revenue Bonds, Series 2014A, as of June 30, 2019, are as follows:

Year Ending June 30,	Principal	Interest	Totals
2020	\$ 1,703,000	\$ 941,229	\$ 2,644,229
2021	1,765,000	884,684	2,649,684
2022	1,828,000	824,666	2,652,666
2023	1,875,000	762,762	2,637,762
2024	1,954,000	701,507	2,655,507
2025 - 2029	4,834,000	2,948,749	7,782,749
2030 - 2034	5,574,000	1,809,843	7,383,843
2035 - 2039	4,804,000	465,044	5,269,044
Totals	<u>\$24,337,000</u>	<u>\$9,338,484</u>	<u>\$33,675,484</u>

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

a) Revenue Bond Sinking Fund

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

b) Bond Reserve Fund

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

Monies in the amount of \$2,120,242 have been deposited into this fund. This amount is equal to 125% of the average aggregate amount of principal and interest becoming due in any future year on the District's outstanding water revenue bonds. The Fund is restricted to the payment of principal and interest in case of default.

Note 6 - LONG-TERM OBLIGATIONS (Continued)

c) Depreciation and Contingencies Fund

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

d) Bond Requirements

The accounting requirements of the bond resolution for Water Revenue Bonds, as stated in a) through c) above, have been complied with for the year ended June 30, 2019.

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

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District administers a single employer defined benefit healthcare plan (the "Plan"). The Plan provides for the payment of medical, dental, long-term care, life insurance and Medicare supplement premiums for eligible employees, retirees and their dependents as allowed by policy set by the Board of Directors. The District funds 85% premium for all active employees and 100% premium for retirees with at least twenty years of service upon retiring from the Parochial Employees' Retirement System, see Note 9. The District does not issue a publicly available financial report on the Plan.

Employee Covered by Benefit Terms

As of June 30, 2019, the following employees were covered by the benefit terms.

Inactive employees currently receiving benefits payments	27
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>89</u>
Total	<u><u>116</u></u>

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability

The District's total OPEB liability of \$10,222,399 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2019 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2019
Actuarial valuation date	July 1, 2017
Inflation	3.00%
Salary increases, includes inflation	3.00%
Discount rate	3.13%
Healthcare cost trend rates	Pre-65 Medical - 0.00% in year 1, -2.00% in year 2, 6.50% in year 3 decreasing in decrements of 0.50% per year until 4.00% in year 8, increased to 5.00% for years 9 and 10.
	Medicare Supplement - 2.50% in year 1 decreasing to -7.91% in year 2, 5.00% in years 3 through 10.
	Dental - (1.49)% in year 1, 11.99% in year 2 and decreasing to 3.00% in years 3 through 10.
Mortality rates	PubG.H-2010 Employee and Health Annuitant Generational with MP-2018.
Retirees' share of benefit-related costs	Retirees are eligible to continue their medical, dental, long-term care, and life insurance coverage. To be eligible, an employee must retire from the District, be eligible to receive retirement Parochial Employees' Retirement System and have 20 years of service with the District.

The discount rate was based on June 30, 2019 Fidelity General Obligation AA 20-Year Yield.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 9,683,388
Changes for the year:	
Service cost	322,329
Interest	309,233
Difference between expected and actual experience	(1,002,989)
Changes in assumptions	1,181,522
Benefit payments	(271,084)
Net changes	539,011
Balance at June 30, 2019	\$10,222,399

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

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

	1.0% Decrease (2.13%)	Current Discount Rate (3.13%)	1.0% Increase (4.13%)
Total OPEB Liability	\$12,200,147	\$10,222,399	\$8,650,824

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower ((0.0% pre-65 medical, 2.5% Medicare supplement, and -1.49% dental) or higher (1.0% pre-65 medical, 3.5% Medicare supplement and -0.49% dental) than the current healthcare cost trend rates.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

	1.0% Decrease	Current Healthcare Cost Trend Rate	1.0% Increase
Total OPEB Liability	\$8,338,545	\$10,222,399	\$12,767,785

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

For the year ended June 30, 2019, the District recognized total OPEB expense of \$661,425. As of June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 532	\$835,824
Changes in assumptions	984,601	-
Totals	\$985,133	\$835,824

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

For the Year Ended June 30,	Amount
2020	\$ 29,862
2021	29,862
2022	29,862
2023	29,862
2024	29,861
Thereafter	-
Total	\$149,309

Note 8 - PENSION PLAN

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

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 2.0% of the member's final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits at age 55 upon completing 30 years of service, retire at age 60 after completing 10 years of service or retire at age 65 after completing 7 years of service. For members hired on or after January 1, 2007 they may retire with full benefits at age 55 after completing 30 years of service, retire at age 62 after completing 10 years of service or retire at age 67 after completing 7 years of service. Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years and defer the receipt of benefits. During the three year period, employer contributions continue but employee contributions cease. The election to participate in DROP is irrevocable once participation begins. The monthly retirement benefits are paid into the DROP Fund. Upon termination of employment a participant in DROP may receive a lump sum equal to payments into the participant's account, an annuity or a roll over to an Individual Retirement Account. Members hired before January 1, 2007 with 5 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Members hired after January 1, 2007 with 7 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Note 8 - PENSION PLAN (Continued)

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the year ending December 31, 2018, the actuarial employer contribution rate was 7.01% of member's compensation. However, the actual rate of 7.50% was in effect for the year ended December 31, 2018 and the year ending December 31, 2019.

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

Contributions to the System from the District were \$315,554 for the year ended June 30, 2019.

Pension Liabilities and Assets. As of June 30, 2019, the District reported a liability of \$1,075,874 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2018, the District's proportion was 3.982284%, which was an increase of .07610% from its proportion measured as of December 31, 2017.

Pension Expense. For the year ended June 30, 2019, the District recognized pension expense of \$540.319.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 8 - PENSION PLAN (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$(239,713)
Net difference between projected and actual earnings on pension plan investments	736,717	-
Changes in assumptions	298,947	-
Changes in proportion	3,405	(228)
Contributions subsequent to the measurement date	<u>157,968</u>	<u>-</u>
	<u>\$ 1,197,037</u>	<u>\$(239,941)</u>

The District reported \$157,968 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the Year Ended June 30,</u>	<u>Amount</u>
2020	\$254,511
2021	116,344
2022	105,819
2023	<u>322,454</u>
Total	<u>\$799,128</u>

Note 8 - PENSION PLAN (Continued)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension asset as of June 30, 2019 are as follows:

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	6.50%, net of investment expense
Projected Salary Increases	4.25%
Inflation rate	2.40%
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for employee, annuitant, disabled annuitant and beneficiary mortality.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do no include provisions for potential future increases not yet authorized by the Board of Trustees.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (CAPM) (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.43% for the year ended June 30, 2019.

Note 8 - PENSION PLAN (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	35.00%	1.22%
Equity	52.00%	3.45%
Alternatives	11.00%	0.65%
Real assets	2.00%	0.11%
Totals	100.00%	5.43%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.43%

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

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

Note 8 - PENSION PLAN (Continued)

	1.0% Decrease (5.50%)	Current Discount Rate (6.50%)	1.0% Increase (7.50%)
District's proportionate share of the net pension liability (asset)	\$2,830,533	\$1,075,874	\$(390,051)

Pension Plan Fiduciary Net Position. The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on their financial statements for the year ended June 30, 2019. Access to the audit report can be found on the System's website, www.persla.org or on the Louisiana Legislative Auditor's website, www.la.gov.

Note 9 - LITIGATION

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

Note 10 - BOARD MEMBERSHIP AND COMPENSATION OF BOARD DIRECTORS

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

Board members	Number of Meetings Attended	Payments for		Total
		Meetings Attended	Expenses	Amount
Charles Brown	23	\$ 1,380	\$ 134	\$ 1,514
Vincent Celestin	22	1,320	179	1,499
Bobby Cockerham	24	1,440	148	1,588
Stephen Hornsby	23	1,380	181	1,561
David Mosely	20	1,200	315	1,515
Lloyd Kern	16	960	243	1,203
John Pizzolatto	23	1,380	78	1,458
Clifton Stoufflet	23	1,380	54	1,434
Chester Voisin	24	1,440	570	2,010
Totals		\$11,880	\$ 1,902	\$13,782

Note 11 - CONCENTRATIONS

In May 2013, voters in Terrebonne Parish approved a 2.11 mill parish-wide ad valorem tax dedicated to the Bayou Lafourche Freshwater District. The tax, which was assessed November 1, 2013, provides for voting membership by representatives of Terrebonne Parish on the Bayou Lafourche Freshwater District Board. The District purchases its raw water supply from the Bayou Lafourche Freshwater District. The cost of raw water to the District is based upon the amount of water drawn from Bayou Lafourche and has been established \$.03 per 1,000 gallons. For the year ended June 30, 2019, the District recognized \$116,162 as raw water expenses for purchases from the Bayou Lafourche Freshwater District.

Note 12 - SUBSEQUENT EVENTS

As of December 10, 2019, the District anticipates issuing bonds during December 2019 in a plan of refunding. Taxable Water Revenue Refunding Bonds, Series 2019, amounting to \$14,320,000, are being issued for the purpose of refunding the Water Revenue Bonds, Series 2012A payments beginning November 1, 2023, \$12,960,000, and paying the costs of issuance. The Series 2019 bonds will be secured by and payable from the District's operating income. Management believes, if offered at 100% the bonds will be payable annually ranging from \$125,000 due November 1, 2020 plus interest, payable semi-annually May 1 and November 1, at 1.85% to \$1,125,000 due at maturity, November 1, 2037, with interest at 3.248%.

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 10, 2019, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

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

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

For the two years ended June 30, 2019

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

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

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

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

For the four years ended June 30, 2019

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

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

SCHEDULE OF DISTRICT CONTRIBUTIONS**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

For the four years ended June 30, 2019

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

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

SUPPLEMENTARY INFORMATION SECTION

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

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

For the year ended June 30, 2019

Agency Head Name: Michael Sobert, General Manager

Purpose	<u>Amount</u>
Salary	\$ 142,023
Benefits - insurance	12,948
Benefits - retirement	10,652
Benefits - other	-
Car allowance	-
Vehicle provided by government	750
Per diem	-
Reimbursements	420
Travel	-
Registration fees	2,315
Conference travel	2,596
Continuing professional education fees	476
Housing	-
Unvouchered expenses	-
Meals	-
	<u>\$ 172,180</u>

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

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

For the year ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Revenues from water sales and services	\$ 16,464,600	\$ 15,807,920	\$ 15,922,915	\$ 114,995
Other operating revenues	424,000	440,700	530,023	89,323
Total operating revenues	<u>16,888,600</u>	<u>16,248,620</u>	<u>16,452,938</u>	<u>204,318</u>
OPERATING EXPENSES				
Personal services	7,417,616	6,984,816	6,887,158	97,658
Supplies and materials	1,782,250	1,687,250	1,652,934	34,316
Other services and charges	3,825,350	3,594,300	3,466,662	127,638
Depreciation and amortization	3,699,560	3,699,560	3,699,560	-
Total operating expenses	<u>16,724,776</u>	<u>15,965,926</u>	<u>15,706,314</u>	<u>259,612</u>
Operating income	<u>163,824</u>	<u>282,694</u>	<u>746,624</u>	<u>463,930</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	135,000	405,000	466,478	61,478
Intergovernmental	340,971	340,971	340,971	-
Amortization of bond premium and discount, net	91,498	91,498	91,498	-
Bond interest	(920,643)	(920,643)	(920,643)	-
Other	182,150	182,150	182,150	-
Total non-operating revenues (expenses)	<u>(171,024)</u>	<u>98,976</u>	<u>160,454</u>	<u>61,478</u>
Change in net position before capital contributions	(7,200)	381,670	907,078	525,408
CAPITAL CONTRIBUTIONS	<u>165,607</u>	<u>165,607</u>	<u>165,607</u>	<u>-</u>
Change in net position	<u>\$ 158,407</u>	<u>\$ 547,277</u>	<u>1,072,685</u>	<u>\$ 525,408</u>
NET POSITION				
Beginning of year			<u>86,990,043</u>	
End of year			<u>\$ 88,062,728</u>	

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

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE FROM WATER SALES AND SERVICE CHARGES				
Customers	\$ 16,050,000	\$ 15,350,000	\$ 15,459,210	\$ 109,210
Parish of Lafourche	31,000	31,000	30,062	(938)
Service connection fees	138,600	136,920	137,555	635
Meter installation fees	130,000	135,000	137,025	2,025
Penalties - reconnections	115,000	155,000	159,063	4,063
Total revenue from water sales and services	<u>16,464,600</u>	<u>15,807,920</u>	<u>15,922,915</u>	<u>114,995</u>
OTHER OPERATING REVENUES				
Service agreements:				
Sewerage districts	209,000	218,000	215,064	(2,936)
Garbage collections	130,000	130,000	110,232	(19,768)
LA Act 125	25,000	25,000	25,620	620
Miscellaneous:				
Intergovernmental	-	7,700	7,773	73
Other	60,000	60,000	171,334	111,334
Total other operating revenues	<u>424,000</u>	<u>440,700</u>	<u>530,023</u>	<u>89,323</u>
Total operating revenues	<u>\$ 16,888,600</u>	<u>\$ 16,248,620</u>	<u>\$ 16,452,938</u>	<u>\$ 204,318</u>

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

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
ADMINISTRATIVE				
Personal services:				
Salaries	\$ 453,000	\$ 453,000	\$ 451,486	\$ 1,514
Other postemployment benefit costs	35,960	35,960	25,481	10,479
Employee group insurance	107,500	99,000	67,539	31,461
Payroll taxes	46,000	46,000	44,004	1,996
Retirement	34,000	34,000	57,183	(23,183)
Total personal services	676,460	667,960	645,693	22,267
Supplies and materials:				
Office supplies and expense	40,000	50,000	46,951	3,049
Gasoline and oil	2,000	2,000	1,997	3
Total supplies and materials	42,000	52,000	48,948	3,052
Other services and charges:				
Accounting and consulting	53,000	54,500	54,205	295
Attorney	110,000	110,000	99,990	10,010
Board meetings	17,000	15,000	13,782	1,218
Bond agent fees	4,000	2,600	2,600	-
Consulting engineer	15,000	17,000	16,681	319
Insurance and bonds	38,000	38,000	34,762	3,238
Janitorial services	20,000	20,000	19,000	1,000
Publish proceedings	5,000	5,000	2,387	2,613
Radio communications	15,000	15,000	12,090	2,910
Repairs and maintenance:				
Equipment and building repairs	37,000	37,000	36,048	952
Truck and auto repairs	500	500	150	350
Seminars and schools	19,000	13,000	9,810	3,190
Utilities - office	28,000	25,000	22,800	2,200
Total other services and charges	361,500	352,600	324,305	28,295
Total administrative	1,079,960	1,072,560	1,018,946	53,614

**Schedule 4
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
BILLING AND COLLECTIONS				
Personal services:				
Salaries	360,000	350,000	350,005	(5)
Other postemployment benefit costs	63,444	63,444	39,491	23,953
Employee group insurance	130,000	108,500	94,208	14,292
Payroll taxes	36,000	33,000	32,166	834
Retirement	27,500	27,500	44,508	(17,008)
	<u>616,944</u>	<u>582,444</u>	<u>560,378</u>	<u>22,066</u>
Supplies and materials:				
Gasoline and oil	2,000	2,000	1,997	3
Office supplies and expense	60,000	60,000	48,333	11,667
	<u>62,000</u>	<u>62,000</u>	<u>50,330</u>	<u>11,670</u>
Other services and charges:				
Collection agency	10,000	7,000	6,360	640
Data processing	80,000	70,000	67,602	2,398
Equipment maintenance/lease	44,000	44,000	42,200	1,800
Insurance and bonds	32,000	32,000	28,518	3,482
Merchant card fees	162,000	185,000	187,011	(2,011)
Postage	235,000	230,000	226,113	3,887
Radio communications	2,500	2,500	2,473	27
Repairs and maintenance:				
Truck and auto repairs	500	500	194	306
Seminars and schools	1,500	1,700	2,019	(319)
Telephone	6,000	6,000	6,108	(108)
	<u>573,500</u>	<u>578,700</u>	<u>568,598</u>	<u>10,102</u>
Total billing and collections	<u>1,252,444</u>	<u>1,223,144</u>	<u>1,179,306</u>	<u>43,838</u>
METER READING				
Personal services:				
Salaries	382,000	387,000	387,231	(231)
Other postemployment benefit costs	86,030	86,030	85,269	761
Employee group insurance	160,000	138,000	125,317	12,683
Payroll taxes	37,750	37,750	35,960	1,790
Retirement	28,750	28,750	49,296	(20,546)
	<u>694,530</u>	<u>677,530</u>	<u>683,073</u>	<u>(5,543)</u>

**Schedule 4
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
METER READING (Continued)				
Supplies and materials:				
Gasoline and oil	20,000	20,000	21,135	(1,135)
Office supplies and expense	500	750	582	168
Small tools	1,500	-	-	-
	<u>22,000</u>	<u>20,750</u>	<u>21,717</u>	<u>(967)</u>
Total supplies and materials				
Other services and charges:				
Insurance and bonds	42,000	35,000	34,776	224
Radio communications	7,500	8,500	8,438	62
Repairs and maintenance:				
Equipment and building repairs	7,500	5,000	4,800	200
Truck and auto repairs	7,500	6,000	5,758	242
Seminars and schools	1,000	2,500	2,300	200
	<u>65,500</u>	<u>57,000</u>	<u>56,072</u>	<u>928</u>
Total other services and charges				
Total meter reading	<u>782,030</u>	<u>755,280</u>	<u>760,862</u>	<u>(5,582)</u>
WAREHOUSE AND METER SHOP				
Personal services:				
Salaries	197,000	230,000	226,349	3,651
Other postemployment benefit costs	31,291	31,291	104,398	(73,107)
Employee group insurance	53,500	48,000	39,155	8,845
Payroll taxes	19,500	22,650	21,056	1,594
Retirement	10,500	11,500	18,300	(6,800)
	<u>311,791</u>	<u>343,441</u>	<u>409,258</u>	<u>(65,817)</u>
Total personal services				
Supplies and materials:				
Gasoline and oil	3,000	3,000	3,877	(877)
Office supplies and expenses	3,500	3,500	2,264	1,236
Small tools	2,000	2,000	1,593	407
Warehouse supplies	20,000	17,000	14,713	2,287
	<u>28,500</u>	<u>25,500</u>	<u>22,447</u>	<u>3,053</u>
Total supplies and materials				

**Schedule 4
(Continued)**

Variance with
Final Budget -
Positive
(Negative)

	Budgeted Amounts		Actual	
	Original	Final		
WAREHOUSE AND METER SHOP (Continued)				
Other services and charges:				
Freight	1,000	250	388	(138)
Insurance and bonds	18,000	15,500	15,140	360
Radio communication	1,000	1,500	1,501	(1)
Repairs and maintenance:				
Equipment and building repairs	9,500	5,500	3,207	2,293
Meter repair parts	3,000	1,000	816	184
Truck and auto repairs	750	-	-	-
Seminars and schools	3,200	2,000	1,649	351
	<u>36,450</u>	<u>25,750</u>	<u>22,701</u>	<u>3,049</u>
Total other services and charges				
	<u>376,741</u>	<u>394,691</u>	<u>454,406</u>	<u>(59,715)</u>
ENGINEERING				
Personal services:				
Salaries	767,000	767,000	759,416	7,584
Other postemployment benefit costs	68,880	68,880	126,607	(57,727)
Employee group insurance	185,800	156,000	94,952	61,048
Payroll taxes	75,750	75,750	72,026	3,724
Retirement	54,750	54,750	90,285	(35,535)
	<u>1,152,180</u>	<u>1,122,380</u>	<u>1,143,286</u>	<u>(20,906)</u>
Total personal services				
Supplies and materials:				
Computer supplies	6,000	6,000	7,093	(1,093)
Gasoline and oil	15,500	17,500	16,969	531
Office supplies and expenses	8,500	8,500	12,247	(3,747)
	<u>30,000</u>	<u>32,000</u>	<u>36,309</u>	<u>(4,309)</u>
Total supplies and materials				
Other services and charges:				
GIS network	60,000	80,000	79,955	45
Insurance and bonds	56,000	52,000	50,290	1,710
Radio communications	15,000	16,500	16,724	(224)
Repairs and maintenance:				
Truck and auto repairs	7,000	7,000	7,045	(45)
Seminars and schools	20,000	14,000	13,955	45
	<u>158,000</u>	<u>169,500</u>	<u>167,969</u>	<u>1,531</u>
Total other services and charges				
Total engineering	<u>1,340,180</u>	<u>1,323,880</u>	<u>1,347,564</u>	<u>(23,684)</u>

**Schedule 4
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
OPERATIONS				
Other services and charges:				
Utilities	150,000	150,000	149,442	558
MAINTENANCE AND FIELD CREWS				
Personal services:				
Salaries	1,185,000	975,000	963,759	11,241
Other postemployment benefit costs	157,447	157,447	110,768	46,679
Employee group insurance	320,500	250,000	205,499	44,501
Payroll taxes	116,750	97,000	92,705	4,295
Retirement	85,500	70,000	115,799	(45,799)
Total personal services	1,865,197	1,549,447	1,488,530	60,917
Supplies and materials:				
Chemicals	10,000	7,500	7,943	(443)
Gasoline and oil	35,500	40,000	39,735	265
Office supplies and expenses	5,000	5,000	1,359	3,641
Small tools	10,000	10,000	6,209	3,791
Total supplies and materials	60,500	62,500	55,246	7,254
Other services and charges:				
Backflow prevention program	25,000	-	-	-
Freight	-	-	-	-
Insurance and bonds	155,000	135,000	132,850	2,150
Radio communications	20,000	20,000	16,023	3,977
Repairs and maintenance:				
Equipment repairs - field	150,000	130,000	115,986	14,014
Truck and auto repairs	19,000	20,000	21,254	(1,254)
Watertower maintenance	50,000	1,000	-	1,000
Waterline maintenance	750,000	750,000	775,562	(25,562)
Seminars and schools	10,000	5,000	4,686	314
Uniforms	4,000	5,600	5,081	519
Total other services and charges	1,183,000	1,066,600	1,071,442	(4,842)
Total maintenance and field crews	3,108,697	2,678,547	2,615,218	63,329

**Schedule 4
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		(Negative)
WATER PLANT				
Personal services:				
Salaries	1,150,000	1,120,000	1,087,333	32,667
Other postemployment benefit costs	143,966	143,966	144,926	(960)
Employee group insurance	288,000	265,000	174,046	90,954
Payroll taxes	113,500	107,500	103,833	3,667
Retirement	86,500	84,500	139,834	(55,334)
Total personal services	<u>1,781,966</u>	<u>1,720,966</u>	<u>1,649,972</u>	<u>70,994</u>
Supplies and materials:				
Chemicals	1,300,000	1,200,000	1,203,431	(3,431)
Generator fuel	15,000	15,000	5,761	9,239
Gasoline and oil	10,500	13,000	11,863	1,137
Office supplies and expense	13,000	20,500	21,328	(828)
Raw water	155,000	135,000	126,679	8,321
Small tools	2,000	1,000	437	563
Plant supplies	9,000	9,000	8,654	346
Total supplies and materials	<u>1,504,500</u>	<u>1,393,500</u>	<u>1,378,153</u>	<u>15,347</u>
Other services and charges:				
Freight	1,500	-	-	-
Insurance and bonds	266,000	225,000	216,672	8,328
Lab analysis	3,000	-	-	-
Radio communications	5,000	5,000	3,213	1,787
Repairs and maintenance:				
Bayou Black reservoir maintenance	7,000	7,000	6,486	514
Plant maintenance	250,000	225,000	205,875	19,125
Tractor repairs	3,000	4,750	4,104	646
Truck and auto repairs	5,000	2,500	2,065	435
Seminars and schools	5,000	3,500	3,732	(232)
Telephone	15,000	12,000	11,224	776
Uniforms	900	900	311	589
Utilities	620,000	600,000	554,590	45,410
Total other services and charges	<u>1,181,400</u>	<u>1,085,650</u>	<u>1,008,272</u>	<u>77,378</u>
Total water plant	<u>4,467,866</u>	<u>4,200,116</u>	<u>4,036,397</u>	<u>163,719</u>

**Schedule 4
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
BAC-T-LAB				
Personal services:				
Salaries	191,500	198,000	200,354	(2,354)
Other postemployment benefit costs	23,898	23,898	24,485	(587)
Employee group insurance	69,400	65,000	38,358	26,642
Payroll taxes	19,000	19,000	18,657	343
Retirement	14,750	14,750	25,114	(10,364)
	<u>318,548</u>	<u>320,648</u>	<u>306,968</u>	<u>13,680</u>
Supplies and materials:				
Computer supplies	750	-	-	-
Gasoline and oil	8,500	8,500	7,939	561
Lab supplies	17,000	24,000	26,420	(2,420)
Office supplies and expense	6,500	6,500	5,425	1,075
	<u>32,750</u>	<u>39,000</u>	<u>39,784</u>	<u>(784)</u>
Other services and charges:				
Freight	8,000	3,500	1,654	1,846
Insurance and bonds	22,000	17,500	17,156	344
Janitorial services	8,000	8,000	7,594	406
Lab analysis	45,000	50,000	47,925	2,075
Radio communications	3,500	3,500	3,333	167
Repairs and maintenance:				
Equipment and building repairs	8,000	8,000	4,794	3,206
Truck and auto repairs	4,000	4,000	3,104	896
Seminars and schools	7,000	3,500	3,304	196
Telephone	2,000	2,000	1,622	378
Utilities	8,500	8,500	7,375	1,125
	<u>116,000</u>	<u>108,500</u>	<u>97,861</u>	<u>10,639</u>
Total Bac-T-Lab	<u>467,298</u>	<u>468,148</u>	<u>444,613</u>	<u>23,535</u>
Totals	<u>\$ 13,025,216</u>	<u>\$ 12,266,366</u>	<u>\$ 12,006,754</u>	<u>\$ 259,612</u>
OPERATING EXPENSES				
Personal services	\$ 7,417,616	\$ 6,984,816	\$ 6,887,158	\$ 97,658
Supplies and materials	1,782,250	1,687,250	1,652,934	34,316
Other services and charges	3,825,350	3,594,300	3,466,662	127,638
	<u>\$ 13,025,216</u>	<u>\$ 12,266,366</u>	<u>\$ 12,006,754</u>	<u>\$ 259,612</u>

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

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

For the year ended June 30, 2019

	<u>Totals</u>	<u>Revenue Bond Sinking Fund</u>	<u>Bond Reserve Fund</u>	<u>Depreciation and Contingencies Fund</u>
Cash and cash equivalents July 1, 2018	\$ 7,525,551	\$ 1,322,776	\$ 2,120,242	\$ 4,082,533
Receipts:				
Transfers from the District	3,433,394	2,553,192	-	880,202
Total assets available	<u>10,958,945</u>	<u>3,875,968</u>	<u>2,120,242</u>	<u>4,962,735</u>
Disbursements:				
Retirement of matured bonds	1,600,000	1,600,000	-	-
Payment of matured interest coupons	938,742	938,742	-	-
Capital improvements	824,406	-	-	824,406
Total disbursements	<u>3,363,148</u>	<u>2,538,742</u>	<u>-</u>	<u>824,406</u>
Cash and cash equivalents June 30, 2019	<u>\$ 7,595,797</u>	<u>\$ 1,337,226</u>	<u>\$ 2,120,242</u>	<u>\$ 4,138,329</u>

SCHEDULE OF INSURANCE IN FORCE**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**June 30, 2019
(Unaudited)

<u>Insurer</u>	<u>Type of Coverage</u>	<u>Amount of Insurance</u>	<u>Expiration Date</u>
Tokio Marine Specialty Insurance Company	Automobile liability	\$1,000,000	July 1, 2019
Tokio Marine Specialty Insurance Company	General liability	\$3,000,000	July 1, 2019
Tokio Marine Specialty Insurance Company	General liability	\$10,000,000	July 1, 2019
Louisiana United Businesses' Association	Workers' compensation	\$1,000,000	July 1, 2019
North American Elite Insurance Company	Combined building and personal property	\$30,000,000	July 1, 2019
Tokio Marine Specialty Insurance Company	Public employee dishonesty, forgery or alteration, theft, disappearance, and destruction	\$100,000	July 1, 2019
Allianz Global Corporate & Specialty	Computer equipment and software	\$409,000	July 1, 2019
American Bankers Insurance	Flood	\$500,000	August 1, 2019

WATER CUSTOMERS

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

June 30, 2019
(Unaudited)

Records maintained by the District indicated 43,371 water customers as of June 30, 2019.

There were no unmetered customers.

SCHEDULE OF COST PER SERVICE INSTALLATION**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**For the year ended June 30, 2019
(Unaudited)**Field Crew Overhead**

Chemicals	\$ 7,943
Depreciation expense	56,220
Employee group insurance	205,499
Equipment repairs	115,986
Freight	-
Gasoline and oil	39,735
Insurance and bonds	156,921
Other post employment benefit costs	110,768
Office supplies and expenses	1,359
Payroll taxes	92,705
Radio communications	16,023
Retirement	115,799
Seminars and schools	4,686
Small tools	6,209
Truck and auto repairs	21,254
Uniforms	5,081
Watertower maintenance	-
	<hr/>
Total field crew overhead	956,188

Service installation salaries as a percentage of total field crew salaries (\$23,106/\$963,759)	<hr/> 2.40%
--	-------------

Field crew overhead applicable to service installations	<hr/> 22,924
---	--------------

Administrative Overhead

Total administrative costs	1,018,946
Service installation salaries/total salaries excluding administrative salaries (\$23,106/3,974,447)	<hr/> 0.58%
Administrative overhead applicable to service installations	<hr/> 5,924

Total service installation overhead costs	<hr/> <hr/> \$ 28,848
---	-----------------------

Calculation of Average Cost per Service Installation

Service installation work order costs	\$ 111,662
Labor and equipment contractor for service installation	7,013
Total service installation overhead costs	<u>28,848</u>
Total service installation costs	147,523
Number of service installations	<u>164</u>
Average cost per service installation	<u><u>\$ 900</u></u>

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

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

For the Year Ended June 30, 2019
(Unaudited)

Costs (From Annual Report)	
Water plant expense	\$ 4,036,397
Administrative (25% of total)	254,735
Engineering (25% of total)	336,891
Bac-T-Lab (25% of total)	111,153
Depreciation - water filter	229,913
Depreciation - plant and equipment	783,272
	<u>5,752,361</u>
Total costs	<u>\$ 5,752,361</u>
Water Produced (Thousand Gallons)	
Net production per Waterworks District No. 1's records	5,189,032
Less 10% per terms of contract	(518,903)
	<u>4,670,128</u>
Net production (thousand gallons) - Unaudited	<u>\$ 4,670,128</u>
Cost Per Thousand Gallons	\$ 1.23174
Additions to Cost	
Greater of 40% of cost or five cents per thousand gallons	0.49269
	<u>0.49269</u>
Total Contract Price Per Thousand Gallons	<u>\$ 1.72443</u>

SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES**Consolidated Waterworks District No. 1 of the Parish of Terrebonne,
State of Louisiana**

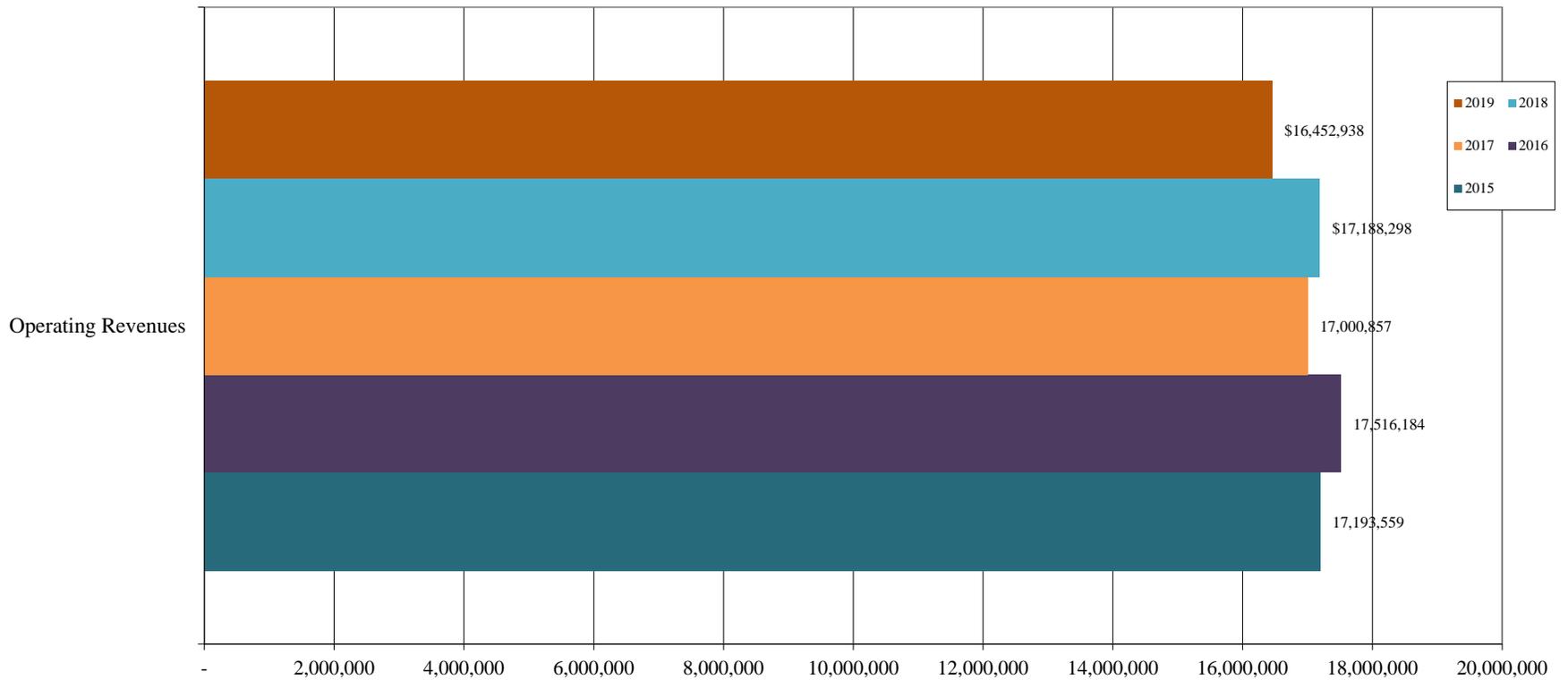
For the years ended June 30, 2019, 2018, 2017, 2016, and 2015

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
OPERATING REVENUES	<u>\$ 16,452,938</u>	<u>\$ 17,188,298</u>	<u>\$ 17,000,857</u>	<u>\$ 17,516,184</u>	<u>\$ 17,193,559</u>
OPERATING EXPENSES					
Personal services	\$ 6,887,158	\$ 6,533,510	\$ 6,185,096	\$ 5,575,566	\$ 5,247,841
Supplies and materials	1,652,934	1,712,994	1,758,752	1,792,831	1,727,220
Other services and charges	3,466,662	3,683,579	3,791,750	3,640,434	4,013,070
Depreciation	<u>3,699,560</u>	<u>3,450,734</u>	<u>3,612,806</u>	<u>3,631,042</u>	<u>3,503,221</u>
Totals	<u>\$ 15,706,314</u>	<u>\$ 15,380,817</u>	<u>\$ 15,348,404</u>	<u>\$ 14,639,873</u>	<u>\$ 14,491,352</u>

OPERATING REVENUES

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

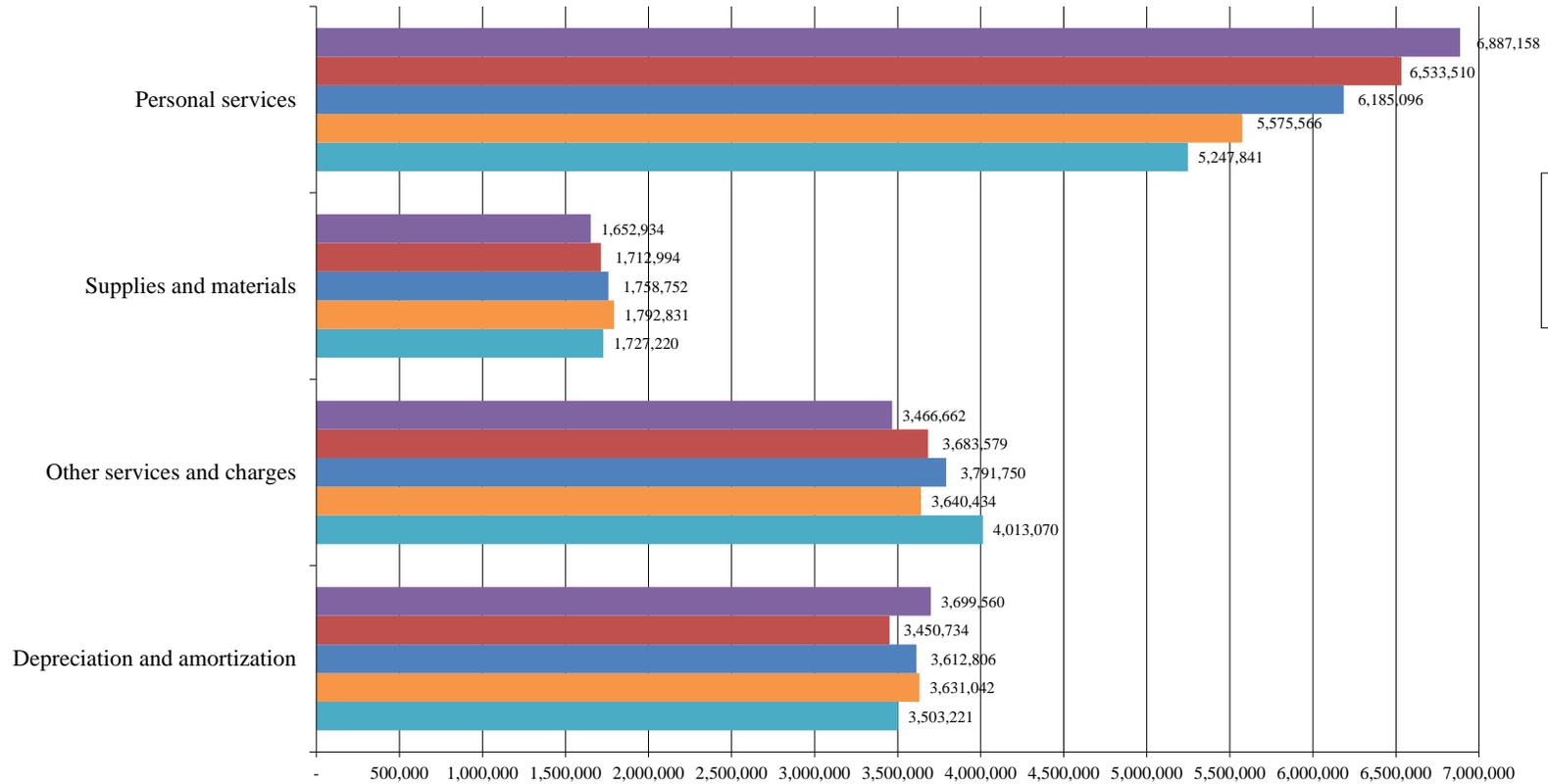
For the years ended June 30, 2019, 2018, 2017, 2016, and 2015



OPERATING EXPENSES

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

For the years ended June 30, 2019, 2018, 2017, 2016, and 2015



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, (the "District"), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 10, 2019 .

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 10, 2019.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana, (the District) a component unit of Terrebonne Parish Consolidated Government, State of Louisiana with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 "*U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*" (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 10, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

For the year ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award/ Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Subrecipients</u>
U.S. Department of Environment Protection Agency				
Pass-Through Programs From:				
<u>Louisiana Department of Health and Hospitals</u>				
Capitalization Grants for Clean Water State Revolving Funds	66.468	n/a	<u>\$ 844,109</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

June 30, 2019

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal award activity of the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana (the "District") under programs of the federal government for the year ended June 30, 2019. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operation of the of the Parish of Terrebonne, it is not intended to and does not present the financial position, changes in net position, or cash flows of the of the Parish of Terrebonne,.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The District has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note 3 - SUBRECIPIENTS

The District did not pass-through any of its federal awards to a subrecipient during the fiscal year.

Note 4 - FINDINGS OF NONCOMPLIANCE

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

For the year ended June 30, 2019

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?
 Yes No

b) Federal Awards

Internal control over major programs

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

Type of auditor's report issued on compliance for major programs: unqualified

- Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Requirements? Yes No

Section I Summary of Auditor's Results (Continued)

c) Identification of Major Program

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.468	Louisiana Department of Health and Hospitals Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish
between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes No

Section II Financial Statement Findings

Internal Control

There were no financial statement internal control findings reported during the year ended June 30, 2019.

Compliance

There were no financial statement compliance findings reported during the year ended June 30, 2019.

Section III Federal Award Findings and Questioned Costs

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

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

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

For the year ended June 30, 2019

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

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2018.

No significant deficiencies were reported during the audit for the year ended June 30, 2018.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2018.

Section II Internal Control and Compliance Material to Federal Awards

The District did not expend federal awards in excess of \$750,000 during the year ended June 30, 2018 and therefore is exempt from the audit requirements under a single audit under *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2018.

MANAGEMENT'S CORRECTIVE ACTION PLAN

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

For the year ended June 30, 2019

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

Internal Control

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

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

Compliance

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

Section II Internal Control and Compliance Material to Federal Awards

There were no internal control findings or compliance findings material to federal awards reported in the audit for the year ended June 30, 2019.

Section III Management Letter

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

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures described in Schedule 13, which were agreed to by the Consolidated Waterworks District No. 1 of the Parish of Terrebonne, State of Louisiana (the "District") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2019. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the AICPA and the standards contained in Government Audit Standards issued by the Comptroller General of the United States. 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 referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 13.

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 C/C 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 to describe the scope of testing performed on those C/C 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 23:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
December 10, 2019.

**SCHEDULE OF PROCEDURES AND ASSOCIATED
FINDINGS OF STATEWIDE AGREED-UPON PROCEDURES**

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

For the year ended June 30, 2019

The required procedures and our findings are as follows:

Procedures performed on the District's written policies and procedures:

1. Obtain and inspect the District's written policies and procedures and observe that they address each of the following categories and subcategories.

a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the written policy for budgeting, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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.

Performance: Obtained and read the written policy for purchasing, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

c) Disbursements, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

Procedures performed on the District's written policies and procedures: (Continued)

- d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of 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).

Performance: Obtained and read the written policy for receipts, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

- e) Payroll/Personnel, including (1) payroll processing; and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Performance: Obtained and read the written policy for payroll and personnel, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

- 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.

Performance: Obtained and read the written policy for contracting, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

- 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).

Performance: Obtained and read the written policy for credit cards, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

- h) Travel and expense reimbursement, including (1) allowable expenses; (2) dollar thresholds by category of expense; (3) documentation requirements; and (4) required approvers.

Performance: Obtained and read the written policy for travel and expense reimbursement, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

Procedures performed on the District's written policies and procedures: (Continued)

- 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 District's ethics policy.

Performance: Obtained and read the written policy for ethics, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

- j) Debt Service, including (1) debt issuance approval; (2) continuing disclosure/EMMA reporting requirements; (3) debt reserve requirements; and (4) debt service requirements.

Performance: Obtained and read the written policy for debt, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

- k) Disaster Recovery/Business Continuity, including (1) identification of critical date and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after critical event.

Performance: Inquired of management about the existence of a policy for disaster recovery/business continuity.

Exceptions: The District does not have a disaster recovery/business continuity policy.

Procedures performed on the District's board:

- 2. Obtain and review the board 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 met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

Procedures performed on the District's board: (Continued)

- b) 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.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- c) 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.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

Procedures performed on the District's bank reconciliations:

- 3. Obtain a listing of the District's bank accounts from management and management's representation that the listing is complete. Management will identify the main operating account. Randomly select the District's main operating account and select four additional accounts (or all accounts if less than 5). Randomly select 1 month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- b) Bank reconciliations include evidence that a member of management or a 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

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- 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.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

Procedures performed on the District's collections:

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order ("cash") are prepared and management's representation that the listing is complete. Select 5 deposit sites (or all deposit sites if less than 5).

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Select one collection location for each deposit site (i.e., collection locations for 5 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:

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- 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.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- 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.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

Procedures performed on the District's collections: (Continued)

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

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

7. Randomly select 2 deposit dates for each of the 5 bank accounts selected for procedure #3 under "Procedures performed on the District's bank reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates selected and select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- 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).

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- e) Trace the actual deposit per the bank statement to the general ledger.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

Procedures performed on the District's non-payroll disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases):

8. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Select 5 locations (or all locations if less than five).

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

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 District has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- b) At least two employees are involved in processing and approving payments to vendors.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- c) The employees responsible for processing payments are prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

- 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.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

Procedures performed on the District's non-payroll disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases): (Continued)

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. Select five disbursements for each location, obtain supporting documentation for each transaction and:

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

a) Observe that the disbursement matched the related original invoice/billing statement.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Performance: Prior year testing resulted in no exceptions related to collections. Therefore, testing not required in the current year.

Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:

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.

Performance: Prior year testing resulted in no exceptions related to credit cards. Therefore, testing not required in the current year.

12. Using the listing prepared by management, select 5 cards (or all cards if less than 5) that were used during the fiscal period, rotating cards each year. Select one monthly statement or combined statement for each card (for a debit card, 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.

Performance: Prior year testing resulted in no exceptions related to credit cards. Therefore, testing not required in the current year.

**Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

Performance: Prior year testing resulted in no exceptions related to credit cards.
Therefore, testing not required in the current year.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, select ten transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- 1) An original itemized receipt that identifies precisely what was purchased.

Performance: Prior year testing resulted in no exceptions related to credit cards.
Therefore, testing not required in the current year.

- 2) Written documentation of the business/public purpose.

Performance: Prior year testing resulted in no exceptions related to credit cards.
Therefore, testing not required in the current year.

- 3) Documentation of the individuals participating in meals (for meal charges only).

Performance: Prior year testing resulted in no exceptions related to credit cards.
Therefore, testing not required in the current year.

Procedures performed on the District's travel and travel-related expense reimbursements:

14. Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. 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:

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing not required in the current year.

- 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).

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing not required in the current year.

**Procedures performed on the District's travel and travel-related expense reimbursements:
(Continued)**

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing not required in the current year.

- 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 (procedures #1h).

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing not required in the current year.

Procedures performed on the District's contracts:

- 15. Obtain 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. Select 5 contracts (or all contracts if less than 5) from the listing, and:

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing not required in the current year.

- 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.

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing not required in the current year.

- b) Observe that the contract was approved by the governing body/of the District if required by policy or law.

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing not required in the current year.

Procedures performed on the District's contracts: (Continued)

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing not required in the current year.

- d) Randomly select 1 payment from the fiscal period for each of the 5 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.

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing not required in the current year.

Procedures performed on the District's payroll and personnel:

- 16. Obtain a listing of employees (and elected officials, if applicable) during the fiscal period and management's representation that the listing is complete. Select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing not required in the current year.

- 17. 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). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing not required in the current year.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing not required in the current year.

Procedures performed on the District's payroll and personnel: (Continued)

- c) Observe that any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing not required in the current year.

- 18. Obtain from management a list of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. 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.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing not required in the current year.

- 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.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing not required in the current year.

Procedure performed on the District's ethics:

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Procedures performed on the District's payroll and personnel" above, obtain ethics compliance documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Performance: Prior year testing resulted in no exceptions related to ethics. Therefore, testing not required in the current year.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the District's ethics policy during the fiscal period.

Performance: Prior year testing resulted in no exceptions related to ethics. Therefore, testing not required in the current year.

Procedures performed on the District's debt service:

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 the State Bond District approval was obtain for each bond/note issued.

Performance: Prior year testing resulted in no exceptions related to debt service. Therefore, testing not required in the current year.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. 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.

Performance: Prior year testing resulted in no exceptions related to debt service. Therefore, testing not required in the current year.

Other procedures performed on the District:

23. Obtain a listing of misappropriations of public funds or 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 District reported the misappropriations(s) to the legislative auditor and the district attorney of the parish in which the District is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets.
Exceptions: There were no exceptions noted.

24. Observe and report whether the District 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.

Performance: Inquired and observed such notice posted on the premises.
Exceptions: There were no exceptions noted.

Management's Overall Response to Exceptions:

1. As a response to exception reported at 1k), management is working on drafting a Disaster Recovery/Business Continuity policy to be approved by the District before the end of fiscal year 2020.