

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

ANNUAL FINANCIAL STATEMENTS

AS OF JUNE 30, 2014 AND 2013
AND FOR THE YEARS THEN ENDED

WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

CONCORDIA WATERWORKS DISTRICT #1
 ANNUAL FINANCIAL STATEMENTS
 AS OF AND FOR THE YEARS ENDED JUNE 30, 2014 AND 2013
 WITH SUPPLEMENTAL INFORMATION SCHEDULES

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Concordia Waterworks District #1, a component unit of the Concordia Parish Police Jury, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Concordia Waterworks District #1, as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Concordia Waterworks District #1's basic financial statements. The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2014, on our consideration of Concordia Waterworks District #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.



Natchez, Mississippi
August 11, 2014

**CONCORDIA WATERWORKS DISTRICT #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2014 AND 2013**

INTRODUCTION

The Management's Discussion and Analysis (MD&A) of the Concordia Waterworks District #1's financial performance provides an overall narrative review of the District's financial activities for the years ended June 30, 2014 and 2013. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the notes to the financial statements to enhance their understanding of the District's financial performance.

The Concordia Waterworks District #1 is located on Highway 15 near Ferriday, Louisiana in Concordia Parish. The District provides water to approximately 2,350 customers and is a component of the Concordia Parish Police Jury.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of the years ended June 30, 2014 and 2013, the Concordia Waterworks District #1's net position decreased and resulted in ending net position of \$6,709,085 at June 30, 2014, and increased and resulted in ending net position of \$6,512,178 at June 30, 2013.

1. The cash balance for the Concordia Waterworks District #1 was \$2,658,577 at June 30, 2014, and \$2,570,705 at June 30, 2013.
2. In fiscal year 2014, the District had \$1,302,900 in revenues, which primarily consisted of water sales. There was \$1,105,993 in expenditures including depreciation of \$192,573. In fiscal year 2013, the District had \$1,241,482 in revenues, which primarily consisted of water sales. There was \$1,320,571 in expenditures including depreciation of \$180,246.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

**CONCORDIA WATERWORKS DISTRICT #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2014 AND 2013**

FUND FINANCIAL ANALYSIS

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

Net Position for the period ending June 30, 2014 and 2013

The following is a condensed statement of the Concordia Waterworks District #1's net position as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Assets		
Current assets	\$ 2,604,461	\$ 2,453,102
Restricted assets	264,248	288,803
Noncurrent assets - capital assets	6,112,055	6,161,318
Noncurrent assets - other assets	<u>335</u>	<u>335</u>
Total assets	<u>\$ 8,981,099</u>	<u>\$ 8,903,558</u>
Liabilities		
Current liabilities	\$ 63,612	\$ 103,603
Current liabilities - payable from restricted assets	241,402	221,777
Long-term liabilities	<u>1,967,000</u>	<u>2,066,000</u>
Total liabilities	<u>\$ 2,272,014</u>	<u>\$ 2,391,380</u>
Net position		
Net investment in capital assets	\$ 4,046,055	\$ 4,015,318
Restricted for debt service	120,000	145,340
Unrestricted	<u>2,543,030</u>	<u>2,351,520</u>
Total net position	<u>\$ 6,709,085</u>	<u>\$ 6,512,178</u>

The largest portion of the District's total assets (\$6,112,055 or 68%) is its investment in capital assets such as equipment. Another portion of the District's total assets (\$264,248 or 3%) is restricted to paying long-term debt. The remaining balance of the total assets (\$2,604,796 or 29%) may be used to pay current operating expenses and customer deposits.

The District has long-term debt, net of current portion, of \$1,967,000, which was used to finance additions to the utility system in prior years. More information concerning this debt may be found on pages 17 - 18 of the notes to financial statements. Total liabilities of \$2,272,014 represent 25% of the total assets of the District.

The business-type activities increased the net position by \$196,907.

**CONCORDIA WATERWORKS DISTRICT #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2014 AND 2013**

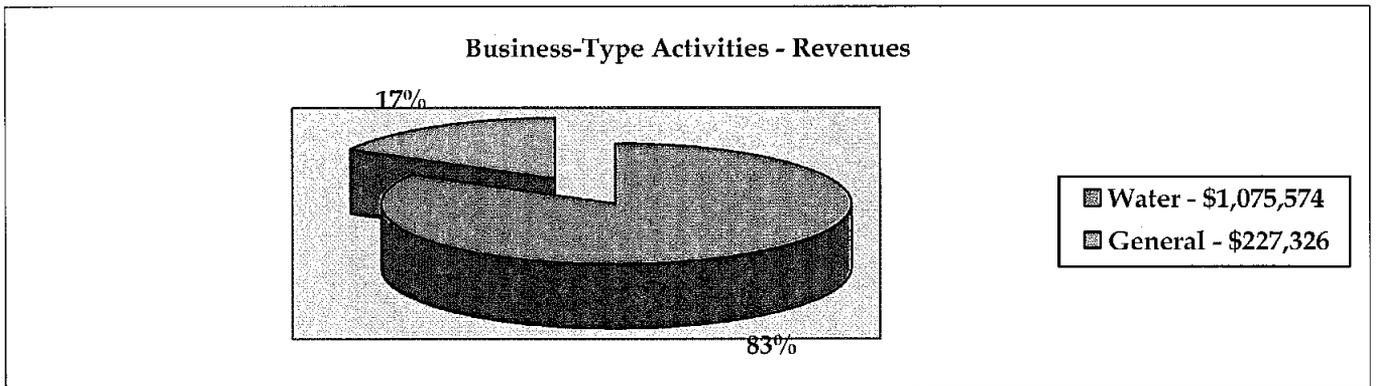
The following is a summary of the statement of activities:

	2014	2013
Revenues		
Water sales	\$ 1,075,574	\$ 1,061,469
General revenues	227,326	180,013
Total revenues	\$ 1,302,900	\$ 1,241,482
Expenses		
Operating expenses	\$ 1,023,476	\$ 1,195,966
Interest expense	67,304	124,605
Other nonoperating expenses	15,213	-
Total expenses	\$ 1,105,993	\$ 1,320,571
Increase (decrease) in net position	\$ 196,907	\$ (79,089)
Net position, beginning of year	6,512,178	6,591,267
Net position, end of year	\$ 6,709,085	\$ 6,512,178

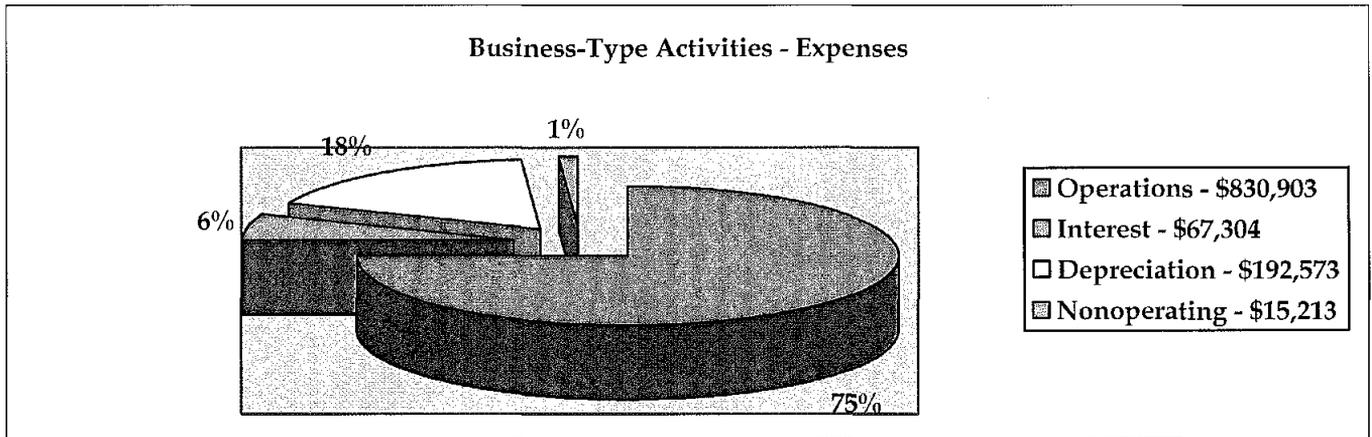
Business-type activities

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

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



**CONCORDIA WATERWORKS DISTRICT #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2014 AND 2013**



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

FUTURE PLANS, CAPITAL ASSETS, AND DEBT

As of June 30, 2014, the District had \$6,112,051 invested in capital assets net of accumulated depreciation of \$3,026,384. During the year, assets of \$143,309 were added to capital assets. Additions to the system included water line improvements, new water tank, 2013 Ford F-150, patriot safe, and office and computer equipment.

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

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

The District had outstanding bonded indebtedness of \$2,066,000 at June 30, 2014, and \$2,146,000 at June 30, 2013. Principal payments of \$80,000 were paid during the current fiscal year. Principal payments of \$99,000 are due to be paid during the next fiscal year. This debt consists of the Water Revenue Refunding Bonds, Series 2013 which are secured by a pledge of the capital assets and revenues from the sale of water. The debt is as follows:

Original balance of \$2,146,000 issued on June 27, 2013, at a net interest rate of 3.848% due in annual installments ranging from \$169,988 to \$170,988 including principal and interest through May 1, 2033.

	<u>2014</u>	<u>2013</u>
Total indebtedness	\$ 2,066,000	\$ 2,146,000
	<u>\$ 2,066,000</u>	<u>\$ 2,146,000</u>

CONCORDIA WATERWORKS DISTRICT #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2014 AND 2013

REQUEST FOR INFORMATION

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

CONCORDIA WATERWORKS DISTRICT #1
 STATEMENTS OF NET POSITION
 JUNE 30, 2014 AND 2013

	2014	2013
Assets		
Current assets		
Cash	\$ 2,296,744	\$ 2,161,729
Investments	134,296	120,173
Accounts receivable - customers	164,673	164,390
Accounts receivable - others	-	1,500
Accrued interest receivable	231	266
Prepaid insurance	8,517	5,044
Total current assets	\$ 2,604,461	\$ 2,453,102
Restricted assets		
Bond Sinking Fund	\$ -	\$ 25,340
Bond Contingency Fund	120,000	120,000
Consumer deposits	144,248	143,463
Total restricted assets	\$ 264,248	\$ 288,803
Capital assets		
Property, plant, and equipment	\$ 9,138,439	\$ 9,027,425
Less accumulated depreciation	(3,026,384)	(2,866,107)
Total capital assets	\$ 6,112,055	\$ 6,161,318
Other noncurrent assets		
Utility deposits	\$ 335	\$ 335
Total assets	\$ 8,981,099	\$ 8,903,558

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CONCORDIA WATERWORKS DISTRICT #1
STATEMENTS OF NET POSITION
JUNE 30, 2014 AND 2013

	2014	2013
Liabilities		
Current liabilities		
Accounts payable	\$ 57,615	\$ 101,900
Accrued interest payable	5,997	817
Payroll taxes payable	-	886
Tenant deposits	142,402	141,777
Notes payable, current portion	99,000	80,000
Total current liabilities	\$ 305,014	\$ 325,380
Long-term liabilities		
Notes payable, net of current portion	\$ 1,967,000	\$ 2,066,000
Total liabilities	\$ 2,272,014	\$ 2,391,380
Net Position		
Net investment in capital assets	\$ 4,046,055	\$ 4,015,318
Restricted for debt service	120,000	145,340
Unrestricted	2,543,030	2,351,520
Total net position	\$ 6,709,085	\$ 6,512,178

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

CONCORDIA WATERWORKS DISTRICT #1
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Operating Revenues		
Charges for sales and services		
Water sales	\$ 1,075,574	\$ 1,061,469
Penalties for late payment	35,762	34,587
Reconnect fees	17,080	16,119
Memberships	14,975	14,000
Other income	67,403	65,969
Total operating revenue	\$ 1,210,794	\$ 1,192,144
Operating Expenses		
Salaries	\$ 315,319	\$ 312,760
Bad debts	5,205	49
Commissioners' fees	3,975	4,950
Depreciation	192,573	180,246
Insurance	131,051	111,983
Office expense	24,673	29,536
Operating supplies	191,762	216,013
Other operating expense	8,508	10,322
Payroll taxes	24,839	23,485
Professional fees	10,125	22,587
Repairs and maintenance	17,125	12,286
Truck expense	29,532	36,534
Utility expense	68,789	52,937
Total operating expenses	\$ 1,023,476	\$ 1,013,688
Operating income	\$ 187,318	\$ 178,456
Nonoperating Revenues (Expenses)		
Interest income	\$ 5,309	\$ 5,878
Interest expense	(67,304)	(124,605)
Loss on disposal of capital assets	-	(182,278)
Gain on sale of assets	2,477	-
Refinancing expense	(15,213)	-
Total nonoperating revenues (expenses)	\$ (74,731)	\$ (301,005)
Other Financing Sources		
Transfers in - Concordia Parish Police Jury	\$ 84,320	\$ 43,460
Total other financing sources	\$ 84,320	\$ 43,460
Change in net position	\$ 196,907	\$ (79,089)
Net position, beginning	6,512,178	6,591,267
Net position, ending	\$ 6,709,085	\$ 6,512,178

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

CONCORDIA WATERWORKS DISTRICT #1
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Cash Flows from Operating Activities		
Cash received from water sales	\$ 1,212,636	\$ 1,202,969
Cash paid to suppliers and employees	(879,547)	(858,193)
Net cash provided by operating activities	\$ 333,089	\$ 344,776
Cash Flows from Investing Activities		
Purchase and construction of fixed assets	\$ (143,310)	\$ (256,067)
Sale of fixed assets	2,477	-
Net cash used for investing activities	\$ (140,833)	\$ (256,067)
Cash Flows from Financing Activities		
Principal paid on notes payable	\$ (80,000)	\$ (2,486,760)
Interest paid on notes payable	(62,124)	(125,604)
Proceeds from bond issuance	-	2,146,000
Refinancing expenses	15,213	-
Interest income	5,344	6,041
Transfers in - Concordia Parish Police Jury	84,320	43,460
Net cash used for financing activities	\$ (37,247)	\$ (416,863)
Net increase (decrease) in cash and cash equivalents	\$ 155,009	\$ (328,154)
Cash and cash equivalents - beginning of year	2,570,705	2,898,859
Cash and cash equivalents - end of year	\$ 2,725,714	\$ 2,570,705
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 187,318	\$ 178,456
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	\$ 192,573	\$ 180,246
Decrease in accounts receivable	1,217	8,600
(Increase) decrease in prepaid expenses	(3,473)	195
Decrease in accounts payable	(44,285)	(24,775)
Decrease in taxes payable	(886)	(171)
Increase in tenant deposits	625	2,225
Total adjustments	\$ 145,771	\$ 166,320
Net cash provided by operating activities	\$ 333,089	\$ 344,776

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

CONCORDIA WATERWORKS DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Concordia Waterworks District #1 have been prepared in conformity with the accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Concordia Waterworks District #1 applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Concordia Waterworks District #1 complies with the provisions of Statement No. 63 of the Governmental Accounting Standards Board, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement No. 63 provides financial reporting guidance for deferred outflows and deferred inflows of resources as a consumption of net assets applicable to a future reporting period and an acquisition of net assets applicable to a future reporting period, respectively.

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

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

A. Reporting Entity

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

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

The Concordia Waterworks District #1 serves over 2,350 customers with a staff of nine employees. They maintain 230 miles of water lines, supplying over 175,000,000 gallons of water annually from four wells.

B. Fund Accounting

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

**CONCORDIA WATERWORKS DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

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

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

D. Assets, Liabilities, and Equity

1. Cash and Investments

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

Cash and investments at June 30, 2014 and 2013, were as follows:

	<u>2014</u>	<u>2013</u>
Unrestricted		
Cash	\$ 2,296,744	\$ 2,161,729
Certificates of deposit	<u>134,296</u>	<u>120,173</u>
	<u>\$ 2,431,040</u>	<u>\$ 2,281,902</u>
Restricted		
Cash	\$ 224,678	\$ 249,233
Certificates of deposit	<u>39,570</u>	<u>39,570</u>
	<u>\$ 264,248</u>	<u>\$ 288,803</u>
Total cash and cash equivalents	<u>\$ 2,695,288</u>	<u>\$ 2,570,705</u>

2. Accounts Receivable

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

An allowance for doubtful accounts is not maintained by the Concordia Waterworks District #1. Bills not paid by the 20th of the following month receive a five percent penalty plus \$35 late charge. Customer services are cut off and their consumer deposit surrendered once two months of nonpayment occurs. A final bill is then prepared for services in excess of the consumer deposit and submitted for collection.

CONCORDIA WATERWORKS DISTRICT #1
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Equity (continued)

3. Inventory

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

4. Property, Plant, and Equipment

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

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

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

	Estimated useful life in years
Buildings	25
Distribution system	50
Furniture and equipment	3-25

5. Reserves of Fund Equity

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

	2014	2013
Debt service and depreciation reserve	\$ 120,000	\$ 145,340

6. Use of Estimates

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

CONCORDIA WATERWORKS DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Reclassifications

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

NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT

The carrying amount of the Concordia Waterworks District #1's total deposits with financial institutions at June 30, 2014, was \$2,695,288. The bank balance was \$2,703,056.

Total bank balance		\$ 2,703,056
Amount of FDIC coverage	\$ 423,868	
Market value of pledged securities	<u>2,628,076</u>	
Total federally insured or collateralized		<u>3,051,944</u>
FDIC coverage and pledged securities in excess of the total bank balance at June 30, 2014		<u>\$ (348,888)</u>

The carrying amount of the Concordia Waterworks District #1's total deposits with financial institutions at June 30, 2013, was \$2,570,705. The bank balance was \$2,579,308.

Total bank balance		\$ 2,579,308
Amount of FDIC coverage	\$ 500,000	
Market value of pledged securities	<u>2,745,680</u>	
Total federally insured or collateralized		<u>3,245,680</u>
FDIC coverage and pledged securities in excess of the total bank balance at June 30, 2013		<u>\$ (666,372)</u>

NOTE 3 - RESTRICTED ASSETS

Certain assets were restricted for debt service and consumer deposits. These assets consisted of and are restricted to the following at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Bond sinking fund	\$ -	\$ 25,340
Bond contingency fund	120,000	120,000
Consumer deposits	<u>144,248</u>	<u>143,463</u>
	<u>\$ 264,248</u>	<u>\$ 288,803</u>

CONCORDIA WATERWORKS DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 4 - ACCOUNTS RECEIVABLE

The following is an aged analysis of accounts receivable due on June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Current billing	\$ 132,264	\$ 132,824
31-60 days	31,422	30,125
Over 60 days	987	1,441
	<u>\$ 164,673</u>	<u>\$ 164,390</u>

NOTE 5 - FIXED ASSETS

Following is a summary of property, plant, equipment, and depreciation reserves at June 30, 2014 and 2013:

	<u>06/30/14</u>	<u>Accumulated</u>	<u>Net</u>	<u>FYE 06/30/14</u>
	<u>Asset Cost</u>	<u>Depreciation</u>		<u>Depreciation</u>
Land	\$ 193,328	\$ -	\$ 193,328	\$ -
Right-of-way easements	93,814	-	93,814	-
Distribution system, wells, tanks, and equipment	8,566,473	2,796,886	5,769,587	177,403
Office building, furniture, and equipment	284,824	229,498	55,326	15,170
Totals	<u>\$ 9,138,439</u>	<u>\$ 3,026,384</u>	<u>\$ 6,112,055</u>	<u>\$ 192,573</u>

	<u>06/30/13</u>	<u>Accumulated</u>	<u>Net</u>	<u>FYE 06/30/13</u>
	<u>Asset Cost</u>	<u>Depreciation</u>		<u>Depreciation</u>
Land	\$ 193,328	\$ -	\$ 193,328	\$ -
Right-of-way easements	93,814	-	93,814	-
Distribution system, wells, tanks, and equipment	8,448,083	2,619,483	5,828,600	167,593
Office building, furniture, and equipment	292,000	246,624	45,376	12,563
Totals	<u>\$ 9,027,425</u>	<u>\$ 2,866,107</u>	<u>\$ 6,161,318</u>	<u>\$ 180,246</u>

Changes in fixed assets during the years ended June 30, 2014 and 2013:

	<u>Balance</u>		<u>Balance</u>
	<u>06/30/13</u>	<u>Additions</u>	<u>06/30/14</u>
Land	\$ 193,328	\$ -	\$ 193,328
Right-of-way easements	93,814	-	93,814
Distribution system, wells, tanks, and equipment	8,448,083	118,390	8,566,473
Office building, furniture, and equipment	292,200	24,919	284,824
Totals	<u>\$ 9,027,425</u>	<u>\$ 143,309</u>	<u>\$ 9,138,439</u>

CONCORDIA WATERWORKS DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 5 - FIXED ASSETS (continued)

	Balance <u>06/30/12</u>	<u>Additions</u>	<u>Dispositions</u>	Balance <u>06/30/13</u>
Land	\$ 193,328	\$ -	\$ -	\$ 193,328
Right-of-way easements	93,814	-	-	93,814
Distribution system, wells, tanks, and equipment	8,639,407	15,923	-	8,655,330
Office building, furniture, and equipment	371,416	20,841	(20,901)	371,356
Construction in progress	-	<u>102,026</u>	-	<u>102,026</u>
Totals	<u>\$ 9,297,965</u>	<u>\$ 138,790</u>	<u>\$ (20,901)</u>	<u>\$ 9,415,854</u>

During the year ended June 30, 2013, the District completed construction on the Water Main Replacement Project. The details of the project are as follows: Replacement of 6" asbestos cement water main, 8,520 L.F. of 6" C906 DR11 HDPE water main, 6" and 2" gate valves, etc., connections to existing 10", 8", 6", and 2" water mains, restoration of 11 water service lines, meters, etc., and cut, cap, and abandon existing 6" water main U.S. Highway 84 and LA Highway 16 near Ferriday, LA, Concordia Parish.

During the year ended June 30, 2014, the District sold capital assets with an original cost basis of \$32,296. Accumulated depreciation on these capital assets was \$32,296, resulting in a gain on sale of capital assets in the amount of \$2,477.

NOTE 6 - NOTES PAYABLE AND CHANGES IN LONG-TERM DEBT

Long-term debt as of June 30, 2014 and 2013, is comprised of the following:

	<u>2014</u>	<u>2013</u>
Water Revenue Refunding Bonds, Series 2013 due to Concordia Bank and Trust, issued June 27, 2013, in the original amount of \$2,146,000 at a net interest rate of 3.848% due in annual installments ranging from \$142,124 to \$170,988 including amortized principal and interest through May 1, 2033.	\$ 2,066,000	\$ 2,146,000
Total debt	\$ 2,066,000	\$ 2,146,000
Less current portion	<u>(99,000)</u>	<u>(80,000)</u>
Total long-term debt	<u>\$ 1,967,000</u>	<u>\$ 2,066,000</u>

CONCORDIA WATERWORKS DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 6 - NOTES PAYABLE AND CHANGES IN LONG-TERM DEBT (continued)

The annual requirements to amortize notes payable as of June 30, 2014, including interest payments, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
Year ending June 30,			
2015	\$ 99,000	\$ 71,968	\$ 170,968
2016	100,000	69,988	169,988
2017	103,000	67,988	170,988
2018	105,000	65,928	170,928
2019-2023	490,000	287,053	777,053
2024-2028	527,000	198,373	725,373
2029-2033	642,000	83,195	725,195
Totals	<u>\$ 2,066,000</u>	<u>\$ 844,493</u>	<u>\$ 2,910,493</u>

NOTE 7 - RESTRICTED RESERVE FUNDS

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

Water Revenue Refunding Bonds, Series 2013

1. Water Revenue Bond and Interest Sinking Fund

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

2. Water Revenue Depreciation and Contingency Fund

The Waterworks shall transfer monthly in advance on or before the 20th day of each month of each year, a sum equal to 5% of the amount to be paid into the Sinking Fund, to continue until such a time as there has been accumulated in the Contingency Fund a sum equal to \$120,000. Should the sum of the deposit in the Contingency Fund fall below \$120,000 at any time, then the monthly deposits set forth above will re-commence until \$120,000 is on deposit therein.

SUPPLEMENTAL INFORMATION

CONCORDIA WATERWORKS DISTRICT #1
SCHEDULE OF COMMISSIONERS' COMPENSATION
FOR FISCAL YEAR ENDED JUNE 30, 2014

Mrs. Jean Fairbanks, President	\$	825
Mr. Warren Enterkin		825
Mrs. Helen Lyles		825
Mr. John Morgan		750
Mr. Mike Sanders		<u>750</u>
	<u>\$</u>	<u>3,975</u>

See Independent Auditor's Report.

CONCORDIA WATERWORKS DISTRICT #1
 SCHEDULE OF WATER RATES
 JUNE 30, 2014

Water rates from July 1, 2012, to June 30, 2014:

Residential

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

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

Commercial

0 – 25,000 gallons	\$33.00 minimum
Over 25,000 gallons	\$2.75 per thousand

INTERNAL CONTROL AND COMPLIANCE REPORTS



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 Natchez, Mississippi 39121-1027
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
 OVER FINANCIAL REPORTING AND ON
 COMPLIANCE AND OTHER MATTERS BASED
 ON AN AUDIT OF THE FINANCIAL STATEMENTS
 PERFORMED IN ACCORDANCE WITH
 GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Concordia Waterworks District #1, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Concordia Waterworks District #1's basic financial statements and have issued our report thereon dated August 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Concordia Waterworks District #1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Concordia Waterworks District #1's internal control. Accordingly, we do not express an opinion on the effectiveness of Concordia Waterworks District #1's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, 2014-01 described in the accompanying schedule of findings, that we consider to be significant deficiencies.

Compliance and Other Matters

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

Purpose of this Report

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

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

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

Natchez, Mississippi
August 11, 2014

**CONCORDIA WATERWORKS DISTRICT #1
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2014**

Reference No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Section I – Internal Control and Compliance Findings:					
2014-01	6-30-08	From the understanding of the Waterworks’ internal control structure, we have determined that the small size of the Waterworks and its limited number of personnel do not allow for the adequate segregation of duties among employees.	Management will continue to develop and implement control procedures to minimize this inherent problem associated with being a small entity.	Charles Renfrow	6/30/14

Section II – Internal Control and Compliance Material to Federal Awards:

Not applicable.

Section III – Management Letter:

No management letter issued.

**CONCORDIA WATERWORKS DISTRICT #1
STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

Reference No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action/Partial Corrective Action Taken
Section I - Internal Control and Compliance Findings:				
2013-01	6-30-08	From the understanding of the Waterworks' internal control structure, we have determined that the small size of the Waterworks and its limited number of personnel do not allow for the adequate segregation of duties among employees.	No	Management will continue to develop and implement control procedures to minimize this inherent problem associated with being a small entity.

Section II - Internal Control and Compliance Material to Federal Awards:

Not applicable.

Section III - Management Letter:

No management letter issued.