

CANE RIVER WATERWAY COMMISSION

**FINANCIAL REPORT
JUNE 30, 2020**

Cane River Waterway Commission
Financial Report
June 30, 2020

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		
Management's Discussion and Analysis	-	1-4
Independent Auditor's Report	-	5-7
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	A	10
Statement of Activities	B	11
Fund Financial Statements		
Balance Sheet-Governmental Funds	C	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	14
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds	E	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	F	16
Notes to Financial Statements	-	18-26
Other Required Supplementary Information		
Budgetary Comparison Schedule-General Fund	G	28
Budgetary Comparison Schedule-Capital Projects Fund	H	29
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	I	30
Other Reports		
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 <i>Government Auditing Standards</i>	J	32-33
Schedule of Audit Results	K	34

CANE RIVER WATERWAY COMMISSION

244 Cedar Bend Road
Natchez, LA 71456

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Cane River Waterway Commission's financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended June 30, 2020. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Cane River Waterway Commission's financial statements, which begin on page 10.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. These statements tell how the services were financed in the short-term as well as what remains for future spending.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The Commission uses funds to ensure and demonstrate compliance with finance related laws and regulations. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources at the end of the year. As the Government-Wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact of short-term financing decreases. Both the governmental funds balance sheet and the governmental funds operating statement provide a reconciliation to assist in understanding the difference between these two views.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	<u>2020</u>	<u>2019</u>
ASSETS:		
Current Assets	\$ 8,597,864	\$ 6,726,640
Capital Assets, Net of Accumulated Depreciation	<u>6,552,473</u>	<u>6,587,582</u>
Total Assets	<u>\$15,150,337</u>	<u>\$13,314,222</u>
LIABILITIES:		
Payroll Liabilities	\$ 3,198	\$ 1,370
Accounts Payable	<u>19,401</u>	<u>14,048</u>
Total Liabilities	<u>\$ 22,599</u>	<u>\$ 15,418</u>
NET POSITION:		
Net Investment in Capital Assets	\$ 6,552,473	\$ 6,587,582
Unrestricted	<u>8,575,265</u>	<u>6,711,222</u>
Total Net Position	<u>\$15,127,738</u>	<u>\$13,298,804</u>

Summary of Statement of Activities

	<u>2020</u>	<u>2019</u>
REVENUES:		
General Revenues-		
Taxes	\$2,073,563	\$2,026,033
Interest	11,539	8,709
Gain/Loss on Investments	136,630	130,811
Other	<u>100</u>	<u>5,724</u>
Total Revenues	<u>\$2,221,832</u>	<u>\$2,171,277</u>
EXPENSES:		
General Government	\$ 136,495	\$ 218,376
Public Safety	<u>256,403</u>	<u>216,860</u>
Total Expenses	<u>\$ 392,898</u>	<u>\$ 435,236</u>
Change in Net Position	<u>\$1,828,934</u>	<u>\$1,736,041</u>

- The Commission's assets exceeded its liabilities by \$15,127,738 (net position) for the current year and \$13,298,804 for the prior year.
- For the year ended June 30, 2020, unrestricted net position of \$8,575,265 represents the portion available to maintain the Commission's obligation to both citizens and creditors. This is an increase of \$1,864,043 from the prior year.

General Fund Budgetary Highlights

The actual revenues for the general fund were \$230,392 more than the budgeted amount for the year and actual expenditures were \$204,311 less than budgeted amounts.

Economic Factors and Next Year's Budget

The primary revenue source for the Commission is property taxes. This tax is not subject to changes in the economy, in the short-term. However, in the long-term, significant increases/decreases in the tax base would be evident. The General Fund budget for FY 2020/2021 should not change significantly over the prior year.

Contacting the Commission

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Commission at 244 Cedar Bend Road, Natchez, LA 71456.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Cane River Waterway Commission
244 Cedar Bend Road
Natchez, LA 71456

We have audited the accompanying financial statements of the governmental activities and each major fund of the Cane River Waterway Commission (Commission) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. 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 governmental activities and each major fund of the Commission as of June 30, 2020, and the respective changes in financial position and, where applicable, 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 the management's discussion and analysis on pages 1 through 4 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 management's discussion and analysis 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 Commission's basic financial statements. The budgetary comparison schedules and the schedule of compensation, benefits and other payments to agency head or chief executive officer, listed as other required supplementary information in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and schedule of compensation, benefits and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules, and schedule of compensation, benefits and other payments to agency head or chief executive officer are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2020, on our consideration of the Commission'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 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 Commission's internal control over financial reporting and compliance.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

October 28, 2020

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Cane River Waterway Commission
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$ 2,996,503
Investments	5,596,264
Revenue Receivable	<u>5,097</u>
Total Current Assets	\$ 8,597,864
Non-current Assets-	
Capital Assets (Net)	<u>6,552,473</u>
Total Assets	<u>\$15,150,337</u>
LIABILITIES:	
Payroll Liabilities	\$ 3,198
Accounts Payable	<u>19,401</u>
Total Liabilities	<u>\$ 22,599</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 6,552,473
Unrestricted	<u>8,575,265</u>
Total Net Position	<u>\$15,127,738</u>

See independent auditor's report and notes to financial statements.

Cane River Waterway Commission
Statement of Activities
June 30, 2020

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental Activities-					
General Government	\$136,495	\$0	\$0	\$0	\$ (136,495)
Public Safety	<u>256,403</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(256,403)</u>
Total Governmental Activities	<u>\$392,898</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$ (392,898)</u>
		General Revenues:			
		Taxes-			
		Property Taxes			\$ 2,073,563
		Miscellaneous-			
		Interest			11,539
		Loss/Gain on Investments			136,630
		Other			100
		Transfers In			5,929,846
		Transfers Out			<u>(5,929,846)</u>
		Total General Revenues and Transfers			<u>\$ 2,221,832</u>
		Change in Net Position			\$ 1,828,934
		Net Position June 30, 2019			<u>13,298,804</u>
		Net Position June 30, 2020			<u>\$15,127,738</u>

See independent auditor's report and notes to financial statements.

FUND FINANCIAL STATEMENTS

Cane River Waterway Commission
Balance Sheet-Governmental Funds
June 30, 2020

	<u>Major Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
Assets:			
Cash & Cash Equivalents	\$2,645,006	\$ 351,497	\$2,996,503
Investments	3,719,761	1,876,503	5,596,264
Revenue Receivable	<u>5,097</u>	<u>0</u>	<u>5,097</u>
Total Assets	<u>\$6,369,864</u>	<u>\$2,228,000</u>	<u>\$8,597,864</u>
Liabilities:			
Payroll Liabilities	\$ 3,198	\$ 0	\$ 3,198
Accounts Payable	<u>19,401</u>	<u>0</u>	<u>19,401</u>
Total Liabilities	<u>\$ 22,599</u>	<u>\$ 0</u>	<u>\$ 22,599</u>
Fund Balance:			
Committed	\$ 0	\$2,228,000	\$2,228,000
Unassigned	<u>6,347,265</u>	<u>0</u>	<u>6,347,265</u>
Total Fund Balance	<u>\$6,347,265</u>	<u>\$2,228,000</u>	<u>\$8,575,265</u>
Total Liabilities and Fund Balance	<u>\$6,369,864</u>	<u>\$2,228,000</u>	<u>\$8,597,864</u>

See independent auditor's report and notes to financial statements.

Cane River Waterway Commission
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2020

Total Fund Balance for the Governmental Funds at June 30, 2020 \$ 8,575,265

Total Net Position reported for Governmental Activities
in the Statement of Net Position is different because:

Capital Assets used in Governmental Activities are not
financial resources and, therefore, are not reported in the
Governmental Funds Balance Sheet. Those assets consist of:

Construction in Progress	6,008,569
Land, Equipment, Buildings, and Boats	1,436,217
Less: Accumulated Depreciation	<u>(892,313)</u>

Total Net Position of Governmental Activities at June 30, 2020 \$15,127,738

Cane River Waterway Commission
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Funds
Year Ended June 30, 2020

	Major Funds		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
REVENUES:			
Taxes-			
Ad Valorem Tax	\$ 2,073,563	\$ 0	\$ 2,073,563
Miscellaneous-			
Interest	11,539	0	11,539
Other	100	0	100
Gain/Loss on Investments	<u>136,630</u>	<u>0</u>	<u>136,630</u>
Total Revenues	<u>\$ 2,221,832</u>	<u>\$ 0</u>	<u>\$ 2,221,832</u>
EXPENDITURES:			
Current-			
General Government-			
Per diem	\$ 2,850	\$ 0	\$ 2,850
Office/Advertising/Utilities	63,110	0	63,110
Legal/Accounting	38,069	0	38,069
Insurance	<u>32,466</u>	<u>0</u>	<u>32,466</u>
Total General Government	<u>\$ 136,495</u>	<u>\$ 0</u>	<u>\$ 136,495</u>
Public Safety-			
Salary & Benefits	\$ 86,808	\$ 0	\$ 86,808
Aquatic Control	12,877	0	12,877
Repairs & Maintenance	7,652	0	7,652
Capital Outlay	0	22,000	22,000
Operations/Utilities	<u>91,957</u>	<u>0</u>	<u>91,957</u>
Total Public Safety	<u>\$ 199,294</u>	<u>\$ 22,000</u>	<u>\$ 221,294</u>
Total Expenditures	<u>\$ 335,789</u>	<u>\$ 22,000</u>	<u>\$ 357,789</u>
Excess of Revenues over Expenditures	\$ 1,886,043	\$ (22,000)	\$ 1,864,043
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	\$ 3,679,846	\$ 2,250,000	\$ 5,929,846
Operating Transfers Out	<u>(2,250,000)</u>	<u>(3,679,846)</u>	<u>(5,929,846)</u>
Total Other Financing Sources (Uses)	<u>\$ 1,429,846</u>	<u>\$(1,429,846)</u>	<u>\$ 0</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ 3,315,889	\$(1,451,846)	\$ 1,864,043
Fund Balance-Beginning of Year	<u>3,031,376</u>	<u>3,679,846</u>	<u>6,711,222</u>
Fund Balance-End of Year	<u>\$ 6,347,265</u>	<u>\$ 2,228,000</u>	<u>\$ 8,575,265</u>

See independent auditor's report and notes to financial statements.

Cane River Waterway Commission
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2020

Total Fund Balance of the Governmental Funds \$1,864,043

Amounts reported for Governmental Activities
in the Statement of Net Position are different because:

Governmental Funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of these
assets is allocated over their estimated useful lives as
depreciation expense. The cost of capital assets recorded
in the current period is

22,000

Depreciation expense on capital assets is reported in the
government-wide financial statements, but does not require
the use of current financial resources and is not reported in
the Fund Financial Statements. Current year depreciation expense is

(57,109)

Total Net Position of Governmental Activities

\$1,828,934

NOTES TO FINANCIAL STATEMENTS

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2020

Introduction:

The Cane River Waterway District (District) and the Cane River Waterway Commission were created in 1982 by the State of Louisiana, under R.S. 34:3261-3262. The District is located entirely within the Parish of Natchitoches. The Commission was created for the purpose of establishing, operating and maintaining individually or in cooperation with the federal government and the state, the Cane River Waterway. Members of the Commission are appointed by the Governor of Louisiana.

1. Summary of Significant Accounting Policies:

A. Reporting Entity-

The Commission, for financial purposes, includes all of the funds relevant to the operations of the Commission. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Cane River Waterway Commission.

The Division of Administration of the State of Louisiana has determined that the Cane River Waterway Commission is a primary government and not a component unit or agency of the state government for financial reporting purposes.

B. Basis of Presentation-

The Commission's statements are prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the governmental type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2020

C. Fund Accounting-

The accounts of the Commission are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Commission maintains two funds. They are both categorized as governmental funds. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or if its total assets, liabilities, revenues or expenditures are at least 10% of the corresponding total for all funds of that category or type. The Commission considers both of its governmental funds to be major.

The major funds of the Commission are described below:

Governmental Funds-

General Fund

The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction/repair of major capital facilities and projects, other than those financed through another fund.

D. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Commission as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2020

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Commission considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. Assets, Liabilities, and Equity-

Cash and Cash Equivalents-

For purposes of the Statement of Net Position, cash and cash equivalents include all demand accounts, savings accounts, and certificates of deposit of the Commission.

Investments-

The Commission maintains investments accounts as authorized by the Louisiana Revised Statutes. Under state law, the Commission may invest in obligations of the U.S. Treasury and U.S. Agencies, or certificates of deposit. Investments are carried at fair market value as of the balance sheet date.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Commission maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2020

The range of useful lives by type of asset is as follows:

Furniture, computers	5 years
Radios	10 years
Buildings/Landings	40 years
Boats	7 years

Equity Classifications-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted 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.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2020

- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

The Commission establishes, modifies/rescinds fund balance assignments by passage of a resolution.

The General Fund has an unassigned fund balance of \$6,347,265. The Commission would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

F. Interfund Transactions-

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of the governmental funds.

The following is a summary of interfund operating transfers:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$3,679,846	\$2,250,000
Capital Projects Fund	<u>2,250,000</u>	<u>3,679,846</u>
Totals	<u>\$5,929,846</u>	<u>\$5,929,846</u>

Transfers are primarily used to move funds from the General Fund to the Capital Projects Fund to fund expansion of the Commission.

G. Budget-

Prior to the beginning of each fiscal year, the Cane River Waterway Commission adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year.

H. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2020

2. Cash, Cash Equivalents and Investments:

Cash and Cash Equivalents-

At June 30, 2020, the Cane River Waterway Commission had cash and cash equivalents (book balances) totaling \$1,266,841. At June 30, 2020, the Commission had collected bank balances of \$2,991,082 which were fully protected by \$250,000 of federal depository insurance and pledged securities with a market value of \$3,012,687 held by the custodial bank in the name of the Commission.

Investments-

At June 30, 2020, the Commission had the following investments:

U.S. Government Securities	<u>\$5,596,264</u>
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Investment Valuation-

The U.S. government securities are stated at fair value based on market quotations.

The cash and cash equivalents of the Commission are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. 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 Commission that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Commission's name.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, all investments of the Commission are in governmental-backed securities.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2020

3. Compensated Absences:

Employees cannot carry forward leave from year-to-year; therefore, there are no entries for compensated absences.

4. Pension Plan:

The Cane River Waterway Commission's sole employee participates in the Federal Social Security Program, and therefore GASB 68 is not applicable.

5. Lease Commitments:

The Waterway Commission entered into a 13-year lease with a private citizen in 1998 to lease land for a parking lot and a Commission owned boat launch. The lease was renewed in August 2012 for \$2,000 for an additional period of 10 years.

6. Capital Assets:

Capital Asset balances and activity for the year ended June 30, 2020, are as follows:

<u>Activities</u>	<u>Balance 07-01-19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-20</u>
Capital Assets Not Depreciated:				
Construction in Progress	\$5,986,570	\$ 22,000	\$0	\$6,008,570
Land	163,500	0	0	163,500
Capital Assets Depreciated:				
Buildings/Boat Launches	1,147,094	0	0	1,147,094
Radios	5,283	0	0	5,283
Equipment	27,392	0	0	27,392
Boats/Motors	71,200	0	0	71,200
Vehicle	<u>21,747</u>	<u>0</u>	<u>0</u>	<u>21,747</u>
Total Capital Assets	<u>\$7,422,786</u>	<u>\$ 22,000</u>	<u>\$0</u>	<u>\$7,444,786</u>
Less, Accumulated Depreciation:				
Buildings/Boat Launches	\$ 732,371	\$ 51,352	\$0	\$ 783,723
Radios	5,283	0	0	5,283
Equipment	23,188	2,650	0	25,838
Boats/Motors	65,040	0	0	65,040
Vehicle	<u>9,322</u>	<u>3,107</u>	<u>0</u>	<u>12,429</u>
Total Accumulated Depreciation	<u>\$ 835,204</u>	<u>\$ 57,109</u>	<u>\$0</u>	<u>\$ 892,313</u>
Net Capital Assets	<u>\$6,587,582</u>	<u>\$(35,109)</u>	<u>\$0</u>	<u>\$6,552,473</u>

Depreciation expense of \$57,109 was charged to the public safety function.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2020

7. Levied Taxes:

The Commission is empowered to levy property tax millages to finance its general operations. The Commission levies taxes on real and business property located within the boundaries of the Commission. Property taxes are levied by the Commission based on property values assessed by the Natchitoches Parish Assessor, and approved by the State of Louisiana Tax Commission.

The Natchitoches Parish Sheriff's Office bills and collects property taxes for the Commission. Collections are remitted to the Commission monthly.

Property Tax Calendar

Assessment date	January 1
Levy date	June 30
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties & interest added	January 31
Lien date	January 31
Tax sale	May 15

Assessed values are established by the Natchitoches Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value:

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2016. Total assessed value was \$412,997,794 in 2019. Louisiana law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$53,922,271 of the annual value in 2019. For the year ended June 30, 2020, the Commission had levied the following taxes:

General Corporate Purposes 6.0 mill

Total ad valorem tax revenues recognized by the Commission for the year ended June 30, 2020, were \$2,073,563 and \$2,026,033 for the year ended June 30, 2019.

8. Pending Litigation:

There were no civil suits seeking damages against the Commission outstanding at June 30, 2020.

9. Related Party Transactions:

There were no identified related party transactions for the year ended June 30, 2020.

Cane River Waterway Commission
Notes to Financial Statements
June 30, 2020

10. Compensation Paid to Commissioners:

<u>Name</u>	<u>Amount</u>
Jim Rhodes	\$1,000
Margaret Vienne	550
Van Wiggins	500
Larry Paige	450
John Methvin	<u>350</u>
Total	<u>\$2,850</u>

11. Deferred Compensation Plan:

All of the employees of the Cane River Waterway Commission are eligible to participate in the State of Louisiana deferred compensation plan. Employees may contribute up to 100% of their salary (not to exceed \$18,000 a year) to the plan on a pre-tax basis. The contributions are withheld from the employees' paycheck and the Commission matches 4% of the employee contribution for each employee. The contributions are fully vested immediately and are remitted to a third-party administrator each pay period, where they are deposited to an account in the employee's name. The Cane River Waterway Commission does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator. During the year ended June 30, 2020, the Commission's matching funds totaled \$2,819.

12. Subsequent Events:

Management has evaluated events through October 28, 2020, the date which the financial statements were available for issue. There were no items to be reported in subsequent events.

13. Contingencies:

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Cane River Waterway Commission operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Commission anticipates this could negatively affect its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

Cane River Waterway Commission
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES:				
Taxes-				
Ad Valorem Tax	\$ 1,977,390	\$ 1,977,390	\$ 2,073,563	\$ 96,173
Miscellaneous-				
Interest	4,000	4,000	11,539	7,539
Other	50	50	100	50
Gain/Loss on Investments	<u>10,000</u>	<u>10,000</u>	<u>136,630</u>	<u>126,630</u>
Total Revenues	<u>\$ 1,991,440</u>	<u>\$ 1,991,440</u>	<u>\$ 2,221,832</u>	<u>\$230,392</u>
EXPENDITURES:				
Current-				
General Government-				
Per diem	\$ 4,100	\$ 4,100	\$ 2,850	\$ 1,250
Office/Advertising/Utility	751,060	71,000	63,110	7,890
Legal/Accounting	100,000	60,000	38,069	21,931
Insurance	<u>105,000</u>	<u>45,000</u>	<u>32,466</u>	<u>12,534</u>
Total General Government	<u>\$ 960,160</u>	<u>\$ 180,100</u>	<u>\$ 136,495</u>	<u>\$ 43,605</u>
Public Safety-				
Salaries/Benefits	\$ 85,000	\$ 85,000	\$ 86,808	\$ (1,808)
Aquatic Control	250,000	15,000	12,877	2,123
Repairs & Maintenance	0	0	7,652	(7,652)
Operations/Utilities	<u>355,000</u>	<u>260,000</u>	<u>91,957</u>	<u>168,043</u>
Total Public Safety	<u>\$ 690,000</u>	<u>\$ 360,000</u>	<u>\$ 199,294</u>	<u>\$160,706</u>
Total Expenditures	<u>\$ 1,650,160</u>	<u>\$ 540,100</u>	<u>\$ 335,789</u>	<u>\$204,311</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 341,280	\$ 1,451,340	\$ 1,886,043	\$434,703
OTHER FINANCING USES:				
Operating Transfers In	0	3,679,846	3,679,846	0
Operating Transfers Out	<u>(2,250,000)</u>	<u>(2,250,000)</u>	<u>(2,250,000)</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures and Other Uses	\$(1,908,720)	\$ 2,881,186	\$ 3,315,889	\$434,703
Fund Balance-Beginning of Year	<u>3,031,376</u>	<u>3,031,376</u>	<u>3,031,376</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 1,122,656</u>	<u>\$ 5,912,562</u>	<u>\$ 6,347,265</u>	<u>\$434,703</u>

See independent auditor's report and notes to financial statements.

Cane River Waterway Commission
Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES:	\$ 0	\$ 0	\$ 0	\$0
EXPENDITURES:				
Capital Outlay	<u>5,300,000</u>	<u>22,000</u>	<u>22,000</u>	<u>0</u>
Deficiency of Revenues over Expenditures	\$(5,300,000)	\$ (22,000)	\$ (22,000)	\$0
OTHER FINANCING SOURCES:				
Operating Transfers In	2,250,000	2,250,000	2,250,000	0
Operating Transfers Out	<u>0</u>	<u>(3,679,846)</u>	<u>(3,679,846)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$(3,050,000)	\$(1,451,846)	\$(1,451,846)	\$0
Fund Balance-Beginning of Year	<u>3,679,846</u>	<u>3,679,846</u>	<u>3,679,846</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 629,846</u>	<u>\$ 2,228,000</u>	<u>\$ 2,228,000</u>	<u>\$0</u>

See independent auditor's report and notes to financial statements.

Cane River Waterway Commission
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended June 30, 2020

Agency Head Name: Jim Rhodes, Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 0
Benefits-Insurance	0
Benefits-Retirement	0
Deferred Compensation	0
Benefits-Other	0
Car allowance	0
Vehicle provided by government	0
Cell phone	0
Dues	0
Vehicle rental	0
Per diem	1,000
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$1,000</u>

See independent auditor's report.

OTHER REPORTS

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA - A Professional Corporation
Jessica H. Broadway, CPA - A Professional Corporation
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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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Cane River Waterway Commission
244 Cedar Bend Road
Natchez, LA 71456

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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and each major fund as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Cane River Waterway Commission's (Commission) basic financial statements and have issued our report thereon dated October 28, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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 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 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. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

October 28, 2020

Cane River Waterway Commission
Schedule of Audit Results
Year Ended June 30, 2020

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Cane River Waterway Commission as of and for the year ended June 30, 2020.
2. The audit did not disclose any material weaknesses in internal control.
3. The audit did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None noted.

III. PRIOR YEAR FINDING

None noted.