

**CAMERON PARISH
WATERWORKS DISTRICT NO. 7**

Creole, Louisiana

Financial Report

Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Cameron Parish Waterworks District No. 7
Creole, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Cameron Parish Waterworks District No. 7 (District), a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including 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 of the Cameron Parish Waterworks District No. 7, as of December 31, 2017, 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.

Emphasis of Matter

As described in Note 14, the District's December 31, 2016 financial statements contained misstatements. The District has restated its December 31, 2017 beginning balances for the correction of these misstatements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the RSI on pages 28 through 31 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 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.

The Cameron Parish Waterworks District No. 7 has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information on pages 33 and 34 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2018 on our consideration of the Cameron Parish Waterworks District No. 7'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.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Abbeville, Louisiana

June 13, 2018

BASIC FINANCIAL STATEMENTS

Cameron Parish Waterworks District No. 7
Creole, Louisiana

Statement of Net Position
December 31, 2017

ASSETS

Current assets:	
Cash and cash equivalents	\$ 28,907
Receivables, net	10,033
Ad valorem tax receivable, net	<u>48,267</u>
Total current assets	<u>87,207</u>
Restricted assets -	
Revenue bond and interest sinking account	30,141
Ad valorem tax receivable, net	<u>20,309</u>
Total restricted assets	<u>50,450</u>
Capital assets, net	<u>1,537,924</u>
Total assets	<u>1,675,581</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources- pensions	<u>41,122</u>
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LIABILITIES

Current liabilities (payable from current assets):	
Compensated absences	1,676
Other liabilities	<u>3,922</u>
Total current liabilities (payable from current assets)	<u>5,598</u>
Current liabilities (payable from restricted assets):	
Accrued interest on bonds	2,513
Current portion of long term debt	<u>24,560</u>
Total current liabilities (payable from restricted assets)	<u>27,073</u>
Total current liabilities	<u>32,671</u>
Noncurrent liabilities:	
Revenue bonds payable	52,247
Net Pension Liability	29,205
OPEB obligation payable	<u>45,799</u>
Total noncurrent liabilities	<u>127,251</u>
Total liabilities	<u>159,922</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources- pensions	<u>5,178</u>
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NET POSITION

Net investment in capital assets	1,461,117
Restricted for debt service	47,937
Unrestricted	<u>42,549</u>
Total net position	<u>\$ 1,551,603</u>

The accompanying notes are an integral part of the basic financial statements.

Cameron Parish Waterworks District No. 7
Creole, Louisiana

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2017

Operating revenues:	
Charges for services -	
Water sales	\$ 78,689
Installation and service fees	615
Other fees	<u>3,201</u>
Total operating revenues	<u>82,505</u>
Operating expenses:	
Salaries and related benefits	107,715
Per diem of board members	2,880
Operation of plant	104,364
Depreciation	76,071
Other post employment benefits	<u>8,516</u>
Total operating expenses	<u>299,546</u>
Operating loss	<u>(217,041)</u>
Nonoperating revenues (expenses):	
Ad valorem taxes - maintenance	57,311
Ad valorem taxes - bond	24,130
Interest income	22
Nonemployer pension contribution	1,048
Interest expense	<u>(3,642)</u>
Total nonoperating revenues (expenses)	<u>78,869</u>
Loss before capital contributions	(138,172)
Capital contributions	<u>30,622</u>
Change in net position	(107,550)
Net position, beginning (as restated)	<u>1,659,153</u>
Net position, ending	<u>\$ 1,551,603</u>

The accompanying notes are an integral part of the basic financial statements.

Cameron Parish Waterworks District No. 7
Creole, Louisiana

Statement of Cash Flows
Year Ended December 31, 2017

Cash flows from operating activities:	
Receipts from customers	\$ 81,790
Payments to suppliers	(116,260)
Payments to employees and related costs	<u>(101,938)</u>
Net cash used by operating activities	<u>(136,408)</u>
Cash flows from noncapital activities:	
Ad valorem taxes	<u>82,810</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(25,576)
Interest paid on long-term debt	(2,344)
Capital contributions	<u>30,622</u>
Net cash provided by capital and related financing activities	<u>2,702</u>
Cash flows from investing activities:	
Interest income	<u>22</u>
Net decrease in cash and cash equivalents	(50,874)
Cash and cash equivalents, beginning of period	<u>109,922</u>
Cash and cash equivalents, end of period	<u>\$ 59,048</u>

(continued)

Cameron Parish Waterworks District No. 7
Creole, Louisiana

Statement of Cash Flows (Continued)
Year Ended December 31, 2017

Reconciliation of operating loss to net cash
used by operating activities:

Operating loss	\$ (217,041)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation expense	76,071
Pension related items	4,979
(Increase) in operating assets	
Receivables	(1,664)
Increase (decrease) in operating liabilities	
Accounts payable	(500)
Accrued liabilities	(6,769)
OPEB obligation payable	8,516
Net cash used by operating activities	<u>\$ (136,408)</u>

Cash and cash equivalents reported on statement of net position as:

Cash and cash equivalents, beginning of period -	
Current	\$ 74,863
Restricted	<u>35,059</u>
	<u>\$ 109,922</u>
Cash and cash equivalents, end of period -	
Current	\$ 28,907
Restricted	<u>30,141</u>
	<u>\$ 59,048</u>

The accompanying notes are an integral part of the basic financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The financial statements of Cameron Parish Waterworks District No. 7 (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District's accounting policies are described below.

A. Financial Reporting Entity

The financial reporting entity for Cameron Parish Waterworks District No. 7 consists of the Cameron Parish Police Jury, which, as governing authority of the parish, has oversight responsibility over other governmental units (component units) within the parish. In accordance with GASB Codification Section 2100 Cameron Parish Waterworks District No. 7 is considered a component unit of the parish reporting entity because (1) commissioners of the District are appointed by the Cameron Parish Police Jury and (2) the District provides water service to residents within Cameron Parish. While Cameron Parish Waterworks District No. 7 is an integral part of the parish reporting entity and should be included within the financial statements of that reporting entity, GASB Codification Section 2600 provides that a component unit may also issue financial statements separate from those of the reporting entity. Accordingly, the accompanying financial statements present information only on the financial operations of Cameron Parish Waterworks District No. 7 and do not present information on the Cameron Parish Police Jury, the general government services provided by the Police Jury or on other component units that comprise the Cameron Parish reporting entity.

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental entities and as a governmental entity provides certain disclosures required by the Governmental Accounting Standards Board.

C. Fund Accounting

The accounts of the District are organized and operated 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 is maintained consistent with legal and managerial requirements.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

The District maintains only one fund and it is described below:

Proprietary Fund –

Enterprise Fund

The Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The enterprise fund utilizes an “economic resources” measurement focus. The accounting objectives of this 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.

Basis of Accounting

The proprietary fund statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash and cash equivalents

Cash and cash equivalents consist of demand deposits with an original maturity of three months or less when purchased. They are stated at cost, which approximates market.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Enterprise fund activities report customer's utility service receivables as their major receivables. This receivable is reported net of an allowance for doubtful accounts. The allowance amount was immaterial at December 31, 2017.

Unbilled receivables resulting from services rendered between the date of meter reading and billing and the end of the month, are recorded at year end.

The District also has major receivable balances for ad valorem taxes. This receivable is reported net of an allowance for uncollectable accounts. The allowance amount was immaterial at December 31, 2017.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. They are reported at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District 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 the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	5-20 years
Improvements	5-45 years

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents 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 then.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

Equity Classifications

In the Proprietary Fund, 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 restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

F. Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds generally are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Nonoperating revenues and expenses are all amounts not meeting the above definition.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Cameron Parish and are collected by the Sheriff. The taxes are remitted to the District net of deductions for Pension Fund contributions.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

G. Compensated Absences

Annual leave is earned after a year of employment and must be taken in the following year or is lost. Some employees of the water district were grandfathered into an agreement, with the Cameron Parish Police Jury, that stipulates the accrued vacation each employee had as of the date of change in policy, will be paid upon resignation, death, removal or other termination of employment. The rates of pay shall be computed on the basis of the rate the employee is receiving at the time of termination. The cumulative amount of unpaid vacation for the District at December 31, 2017 is recorded as a liability for the District.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

H. Restricted or Unrestricted Resources

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

(2) Cash and Cash Equivalents

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. 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 pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. The District had deposit balances (bank balances) totaling \$59,509.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

The District's total bank balances were insured by Federal deposit insurance and therefore, they were not exposed to custodial credit risk.

(3) Receivables

The aging of receivables is as follows:

Current	\$ 4,356
Over 30 days	1,999
Over 60 days	1,182
Over 90 days	<u>2,496</u>
Total	<u>\$ 10,033</u>

(4) Restricted Assets

Restricted assets consisted of the following:

Revenue bond and interest sinking account	\$ 30,141
Ad valorem tax receivable	<u>20,309</u>
Total restricted assets	<u>\$ 50,450</u>

(5) Capital Assets

Capital asset activity was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Improvements	\$ 2,638,146	\$ -	\$ -	\$2,638,146
Equipment	<u>74,590</u>	<u>-</u>	<u>-</u>	<u>74,590</u>
Totals	<u>2,712,736</u>	<u>-</u>	<u>-</u>	<u>2,712,736</u>
Less: Accumulated depreciation	<u>1,098,741</u>	<u>76,071</u>	<u>-</u>	<u>1,174,812</u>
Capital assets, net	<u>\$ 1,613,995</u>	<u>\$ (76,071)</u>	<u>\$ -</u>	<u>\$1,537,924</u>

Depreciation expense for the year was \$76,071.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

(6) Changes in Long-Term Debt

The following is a summary of the changes in long-term debt:

Long-term debt payable at December 31, 2016	\$ 102,383
Long-term debt retired	<u>(25,576)</u>
Long-term debt payable at December 31, 2017	\$ 76,807
Less portion of long-term debt due within one year	<u>(24,560)</u>
Portion of long-term debt due in more than one year	<u>\$ 52,247</u>

Long-term debt payable is composed of the following issue:

\$518,000 General Obligation Bond, Series 2000 issued November 6, 2000, due in annual installments of \$27,920 over forty years starting April 2, 2003 through April 2041; interest at 4.375 percent	<u>\$ 76,807</u>
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The annual requirements to amortize all debt outstanding is as follows:

	Principal	Interest	Total
2018	\$ 24,560	\$ 3,360	\$ 27,920
2019	25,634	2,286	27,920
2020	<u>26,613</u>	<u>1,164</u>	<u>27,777</u>
Total	<u>\$ 76,807</u>	<u>\$ 6,810</u>	<u>\$ 83,617</u>

(7) Pension Plan

The employer pension schedules for the Parochial Employees' Retirement System of Louisiana are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed.

Substantially all of the District's employees are covered under the Parochial Employees' Retirement System of Louisiana. Details concerning the plan are:

Plan Description: The Parochial Employees' Retirement System of Louisiana (the System) is 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 benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs and pays persons serving the parish. The Retirement System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2025, specifically, and other general laws of the State of Louisiana.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the System.

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. Employees of the Police Jury are members of Plan A.

The Parochial Employees’ Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the report can be found on the Louisiana Legislative Auditor’s website, www.lla.la.gov.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to these appropriate statutes for more complete information.

Eligibility Requirements: All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

Retirement Benefits: Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member’s final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

Survivor Benefits: Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan: Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in DROP will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

Cost of Living Increases: The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2016, the actuarially determined contribution rate was 10.52% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2016 was 13.00% for Plan A.

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.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2017, the District reported a liability of \$29,205 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016 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, 2016, the District's proportion was .014181%, which was an increase of .000289% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the District recognized pension expense of \$17,314 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$71.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 5,111
Change of assumptions	5,545	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	83	67
Net differences between projected and actual earnings on pension plan investments	22,664	-
Contributions subsequent to the measurement date	<u>12,830</u>	<u>-</u>
Total	<u>\$41,122</u>	<u>\$5,178</u>

Deferred outflows of resources of \$12,830 related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2018	\$ 9,092
2019	8,655
2020	5,979
2021	<u>(612)</u>
	<u>\$23,114</u>

Actuarial Methods and Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016, are as follows:

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00%, net of investment expense including inflation
Expected Remaining Service lives	4 years
Projected Salary Increases	Plan A – 5.25% (2.75% Merit/2.50% Inflation)
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 not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Sec Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

The discount rate used to measure the total pension liability was 7.00% for Plan A. 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 calculated 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.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (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 7.66% for the year ended December 31, 2016.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

Best estimates of arithmetic real rates of return for each major asset class included in the System's target allocations as of December 31, 2016 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real assets	<u>2%</u>	<u>0.12%</u>
Total	<u>100%</u>	<u>5.66%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.66%</u>

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability (Assets):	\$ 87,365	\$ 29,205	\$ (19,970)

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

(8) Compensation Benefits, and Other Payments to President

A detail of compensation, benefits, and other payments to President Jude Primeaux is as follows:

<u>Purpose</u>	<u>Amount</u>
Per Diem	<u>\$ 600</u>

(9) Compensation of Board Members

The following is a list of the commissioners and compensation paid.

Lula LeBlanc	\$ 540
Robin Morales	600
Guy Murphy	600
Vernon Primeaux	540
	<u>\$ 2,280</u>

(10) Risk Management

The District is exposed to risks of loss in the areas of general liability, property hazards and worker's compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance during the year.

(11) Pending Litigation

There is no litigation pending against the Cameron Parish Waterworks District No. 7 at December 31, 2017.

(12) Post-Retirement Health Care and Life Insurance Benefits

Plan Description: Cameron Parish Waterworks District No. 7's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

Most employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2008, retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service. For the few employees not covered by that system, the same retirement eligibility has been assumed.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

Contribution Rates: Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy: Until 2009, Cameron Parish Waterworks District No. 7 recognized the cost of providing post-employment medical benefits (the District's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017, the District's portion of health care funding cost for retired employees totaled \$-0-.

Annual OPEB Cost: Cameron Parish Waterworks District No. 7's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 9,181
Interest on net OPEB obligation	1,491
Adjustment to annual required contribution	<u>(2,156)</u>
Annual OPEB cost (expense)	8,516
Assumed Contributions made	<u>-</u>
Increase in net OPEB obligation	8,516
Net OPEB obligation - beginning of year	<u>37,283</u>
Net OPEB obligation - end of year	<u>\$45,799</u>

The following table shows Cameron Parish Waterworks District No. 7's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability as of 2017 and the preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2017	\$ 8,516	0.0%	\$ 45,799
December 31, 2016	\$ 8,311	0.0%	\$ 37,283
December 31, 2015	\$ 8,116	0.0%	\$ 28,972

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

Funded Status and Funding Progress: In 2017, Cameron Parish Waterworks District No. 7 made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2015 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2017 was \$69,348 which is defined as that portion, as determined by a particular actuarial cost method (Cameron Parish Waterworks District No. 7 uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

Actuarial accrued liability (AAL)	\$ 69,348
Actuarial valuation of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 69,348</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 102,648
UAAL as a percentage of covered payroll	67.56%

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by Cameron Parish Waterworks District No. 7 and its employee plan members) at the time of the valuation and on the pattern of sharing costs between Cameron Parish Waterworks District No. 7 and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Cameron Parish Waterworks District No. 7 and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 5%.

Post employment Benefit Plan Eligibility Requirements – Based on past experience, it has been assumed that entitlement to benefits will commence three years after eligibility to enter the D.R.O.P. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten year out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays a flat \$250 per month of the cost of the medical and life insurance combined for the retirees only (not dependents). Because of the combined nature of the flat monthly employer payment, we have valued only the medical benefits. Effective with the January 1, 2013 valuation, retirees with at least thirty years of service are entitled to 100% (95% effective with this January 1, 2015 valuation) of medical benefits paid by the employer for retiree only coverage, not dependents.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Basic Financial Statements

(13) Leases

The District has a lease for office space to operate the waterworks office of business in effect for the year ended December 31, 2017. The lease originated December 1, 2009, with an initial term of ten (10) years. The lease calls for a monthly lease payment of \$300 due and payable on or before the first day of each month. The total lease payments made during the year ending were \$3,600.

The minimum future lease payments under this obligation are as follows:

2018	\$ 3,600
2019	<u>3,600</u>
	<u>\$ 7,200</u>

(14) Beginning Net Position Adjustment

The District noted errors in estimates included in prior periods. Amounts for receivables relating to ad valorem taxes was misstated. As a result, beginning balances of ad valorem taxes receivable have been corrected. The effect of these adjustments on net position is as follows:

January 1, 2017 net position, as reported	\$ 1,811,213
Change in accounting estimate:	
Net effect of change in accounting estimate	<u>(152,060)</u>
January 1, 2017 net position, as restated	<u>\$ 1,659,153</u>

(15) New Accounting Pronouncement

In June 2015, the Governmental Accounting Standards Board (GASB) approved Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The provisions of GASB No. 75 must be implemented for the year ending December 31, 2018. The effect of implementation on the financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Schedule of Employer's Share of Net Pension Liability
For the Year Ended December 31, 2017

* Year ended <u>December 30,</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	0.009278%	\$ 2,537	\$ 77,718	3.26%	99.15%
2016	0.013892%	\$ 36,566	\$ 79,848	45.79%	92.23%
2017	0.014181%	\$ 29,205	\$ 84,332	34.63%	94.15%

* The amounts presented have a measurement date of the previous fiscal year end.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Schedule of Employer Contributions
For the Year Ended December 31, 2017

Year ended December 31,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 9,604	\$ 9,604	\$ -	\$ 79,848	12.03%
2016	\$ 10,963	\$ 10,963	\$ -	\$ 84,332	13.00%
2017	\$ 12,830	\$ 12,830	\$ -	\$ 102,648	12.50%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Cameron Parish Waterworks District No. 7
Creole, Louisiana

Schedule of Funding Progress
Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2015	-	\$ 69,348	\$ 69,348	0.0%	\$102,648	67.56%
January 1, 2013	-	\$ 28,991	\$ 28,991	0.0%	\$ 72,715	39.87%
January 1, 2011	-	\$ 20,156	\$ 20,156	0.0%	\$ 57,381	35.13%

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Notes to Retirement System Schedules

(1) Retirement Systems

A. Parochial Employees' Retirement System

- 1) Changes of benefit terms – There were no changes of benefit terms for the year ended December 31, 2017.
- 2) Changes of assumptions – There were no changes of benefit assumptions for the year ended December 31, 2017.

SUPPLEMENTARY INFORMATION

Cameron Parish Waterworks District No. 7
Creole, Louisiana

Comparative Statements of Net Position
December 31, 2017 and 2016

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 28,907	\$ 74,863
Receivables, net	10,033	8,369
Ad valorem tax receivable, net	48,267	49,230
Total current assets	87,207	132,462
Restricted assets -		
Revenue bond and interest sinking account	30,141	35,059
Ad valorem tax receivable, net	20,309	20,715
Total restricted assets	50,450	55,774
Capital assets, net	1,537,924	1,613,995
Total assets	1,675,581	1,802,231
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources- pensions	41,122	53,152
LIABILITIES		
Current liabilities (payable from current assets):		
Accounts payable	-	500
Compensated absences	1,676	9,394
Other liabilities	3,922	2,973
Total current liabilities (payable from current assets)	5,598	12,867
Current liabilities (payable from restricted assets):		
Accrued interest on bonds	2,513	1,215
Current portion of long term debt	24,560	23,441
Total current liabilities (payable from restricted assets)	27,073	24,656
Total current liabilities	32,671	37,523
Noncurrent liabilities:		
Revenue bonds payable	52,247	78,942
Net Pension Liability	29,205	36,566
OPEB obligation payable	45,799	37,283
Total noncurrent liabilities	127,251	152,791
Total liabilities	159,922	190,314
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources	5,178	5,916
NET POSITION		
Net investment in capital assets	1,461,117	1,511,612
Restricted for debt service	47,937	54,559
Unrestricted	42,549	92,982
Total net position	\$ 1,551,603	\$ 1,659,153

Cameron Parish Waterworks District No. 7
Creole, Louisiana

Comparative Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2017 and 2016

	2017	2016
Operating revenues:		
Charges for services -		
Water sales	\$ 78,689	\$ 77,181
Installation and service fees	615	585
Other fees	3,201	45
Total operating revenues	82,505	77,811
 Operating expenses:		
Salaries and related benefits	107,715	111,813
Per diem of board members	2,880	2,880
Operation of plant	104,364	81,006
Depreciation	76,071	76,071
Other post employment benefits	8,516	8,311
Total operating expenses	299,546	280,081
 Operating loss	(217,041)	(202,270)
 Nonoperating revenues (expenses):		
Ad valorem taxes - maintenance	57,311	37,901
Ad valorem taxes - bond	24,130	40,637
Interest income	22	37
Nonemployer pension contribution	1,048	1,011
Interest expense	(3,642)	(5,442)
Total nonoperating revenues (expenses)	78,869	74,144
 Loss before capital contributions	(138,172)	(128,126)
 Capital contributions	30,622	-
 Change in net position	(107,550)	(128,126)
 Net position, beginning (as restated)	1,659,153	1,787,279
 Net position, ending	\$ 1,551,603	\$ 1,659,153

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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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*

The Board of Commissioners
Cameron Parish Waterworks District No. 7
Creole, Louisiana

We have 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 financial statements of the business-type activities of the Cameron Parish Waterworks District No. 7, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cameron Parish Waterworks District No. 7'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 Cameron Parish Waterworks District No. 7's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cameron Parish Waterworks District No. 7's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 Cameron Parish Waterworks District No. 7's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2017-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2017-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cameron Parish Waterworks District No. 7'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 is required to be reported under *Government Auditing Standards*.

Cameron Parish Waterworks District No. 7's Response to Finding

The Cameron Parish Waterworks District No. 7's response to the finding identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. Cameron Parish Waterworks District No. 7's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 13, 2018

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2017

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2017-001 Inadequate Segregation of Accounting Functions

CONDITION: The Cameron Parish Waterworks District No. 7 did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the District does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District has provided as much segregation as possible with the resources available.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (continued)
Year Ended December 31, 2017

2017-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Cameron Parish Waterworks District No. 7 does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CRITERIA: AU-C§265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the District to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

CAMERON PARISH WATERWORKS DISTRICT NO. 7
Creole, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2017

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2016-001 Inadequate Segregation of Accounting Functions

CONDITION: The District did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2017-001.

2016-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Cameron Parish Waterworks District No. 7 does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2017-002.