

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Annual Financial Report
As of and for the
Year Ended December 31, 2019

Bayou Lafourche Fresh Water District
Annual Financial Report
For the Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bayou Lafourche Fresh Water District (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion

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 Bayou Lafourche Fresh Water District as of December 31, 2019, and the respective changes in financial position 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 4 through 9, the Budgetary Comparison Schedule on page 34, the Schedule of Employer's Share of Net Pension Liability on page 35, the Schedule of Employer Contributions on page 36, and the Schedule of Changes in Net OPEB Liability and Related Ratios on page 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the Executive Director on page 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to the Executive Director is the responsibility of management and was derived from and relates 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 Schedule of Compensation, Benefits, and Other Payments to the Executive Director is 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 April 6, 2020, on our consideration of the District'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 solely 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 effectiveness of 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.



Houma, Louisiana
April 6, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
For the Year Ended December 31, 2019

This discussion and analysis of the Bayou Lafourche Fresh Water District's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2019. Please read it in conjunction with the financial statements and the accompanying notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Government-Wide Financial Statements (Statement of Net Position and the Statement of Activities) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Fund Financial Statements (Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the Government-Wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Information, is providing varying degrees of assurance. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the parts in the Annual Financial Report.

Government-Wide Financial Statements

One of the most important questions asked about finances is, "Is the Bayou Lafourche Fresh Water District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position and changes in them. You can think of net position—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and factors that affect water supply for sales to the surrounding parishes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
For the Year Ended December 31, 2019

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The Bayou Lafourche Fresh Water District utilizes the governmental type of fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations on pages 14 and 15.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- Net position of our governmental activities increased by \$2,903,056 or 11.1 percent.
- During the year, the District had governmental expenses of \$2,342,385 that were \$2,903,056 less than the \$5,245,441 generated in program and general revenues.
- The governmental funds reported total ending fund balance of \$19,070,572. This compares to the prior year ending fund balance of \$17,499,736 resulting in an increase of \$1,570,836.
- Federal funds of \$243,500 were receivable from the Delta Regional Authority as of December 31, 2019.

The Statement of Net Position and the Statement of Activities reports all transactions as governmental activities. All of the basic governmental services are reported as this type. Property taxes and water sales finance most of these activities.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
For the Year Ended December 31, 2019

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Our analysis below focuses on the net position of the governmental-type activities.

Condensed Statement of Net Position

	2018	2019	Dollar Change	Percent Change
Current assets	\$ 18,226,704	\$ 19,978,965	\$ 1,752,261	9.6%
Capital assets, net	8,774,874	10,162,470	1,387,596	15.8%
Total assets	27,001,578	30,141,435	3,139,857	11.6%
Deferred outflows of resources	99,273	261,848	162,575	163.8%
Current liabilities	650,027	908,393	258,366	39.7%
Long-term liabilities	229,896	460,929	231,033	100.5%
Total liabilities	879,923	1,369,322	489,399	55.6%
Deferred inflows of resources	120,373	30,350	(90,023)	-74.8%
Net investment in capital assets	8,774,874	10,162,470	1,387,596	15.8%
Unrestricted	17,325,681	18,841,141	1,515,460	8.7%
Total net position	\$ 26,100,555	\$ 29,003,611	\$ 2,903,056	11.1%

The District's net position increased as a result of this year's operations. Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—also increased during the year. The balance in net position represents the accumulated results of all past years' operations. Capital assets increased by \$1,387,596.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
For the Year Ended December 31, 2019

FINANCIAL ANALYSIS AS A WHOLE (GWFS) (Cont.)

Our analysis below focuses on the changes in net position of the governmental-type activities.

Condensed Statement of Activities

	2018	2019	Dollar Change	Percent Change
Total program expenses	\$ (2,152,963)	\$ (2,342,385)	\$ (189,422)	8.8%
Total program revenues	280,012	511,681	231,669	82.7%
Net program income	(1,872,951)	(1,830,704)	42,247	-2.3%
General revenues	9,392,049	4,733,760	(4,658,289)	-49.6%
Change in net position	7,519,098	2,903,056	(4,616,042)	-61.4%
Net position:				
Beginning of the year	18,672,360	26,100,555	7,428,195	39.8%
Prior period adjustment	(90,903)	-	90,903	-100.0%
Total net positions	<u>\$ 26,100,555</u>	<u>\$ 29,003,611</u>	<u>\$ 2,903,056</u>	<u>11.1%</u>

The amount spent on programs related to operating the District's office increased by 8.8%. Total general revenues decreased by 49.6% or \$4,658,289 from the prior year.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The Bayou Lafourche Fresh Water District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The General Fund includes revenue and expenditures necessary to the operation of the District's office such as personnel, benefits, and operation and maintenance of facilities and vehicles. The General Fund reflected \$4,823,856 in total revenues, including \$4,208,775 in property taxes, \$268,181 in water sales, and \$346,900 in intergovernmental revenue. The General Fund reflected \$379,594 in other financing sources. Total current expenditures were \$2,045,936. Total capital outlay was \$1,586,678. After a \$1,570,836 excess of revenues over expenditures for the year, the ending fund balance was \$19,070,572, all unassigned.

BUDGETARY HIGHLIGHTS

The District's annual budget is adopted on a modified accrual basis of accounting excluding noncash items, such as depreciation. The District amended its General Fund budget once during the year. The District experienced favorable revenue and expenditure variances.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
For the Year Ended December 31, 2019

CAPITAL ASSETS

Capital assets include land, furniture and equipment, vehicles, building and improvements, and construction in progress recorded at historical cost of \$14,123,432. Accumulated depreciation as of December 31, 2019 is \$3,960,962 resulting in an ending book balance of \$10,162,470. Depreciation expense of \$199,082 was recorded for the year.

More detailed information about the capital assets is presented in the notes to financial statements. However, a summary of current and prior year capital assets follows:

	<u>2018</u>	<u>2019</u>
Land	\$ 844,697	\$ 965,197
Furniture and equipment	6,285,097	6,293,653
Vehicles	127,386	127,386
Buildings and improvements	2,148,850	2,148,850
Construction in progress	3,130,724	4,588,346
Total capital assets	<u>12,536,754</u>	<u>14,123,432</u>
Less accumulated depreciation	<u>(3,761,880)</u>	<u>(3,960,962)</u>
Total capital assets, net	<u>\$ 8,774,874</u>	<u>\$ 10,162,470</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Many factors were considered when budgeting for the next fiscal year. Possible new laws and regulations, increased rates and fees that would be charged, and possible new grant funding sources were all considered.

Highlights of next year's General Fund budget include:

Estimated revenue	<u>\$ 4,320,000</u>
Expenditures	2,526,600
Capital outlay	<u>4,560,500</u>
Total estimated expenditures	<u>7,087,100</u>
Estimated excess of expenditures over revenue	(2,767,100)
Estimated beginning fund balance	<u>14,715,050</u>
Estimated ending fund balance	<u>\$ 11,947,950</u>

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
For the Year Ended December 31, 2019

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Mr. Benjamin Malbrough, Executive Director
1016 St. Mary Street
Thibodaux, Louisiana 70301
Phone number (985) 447-7155

FINANCIAL STATEMENTS

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Statement of Net Position
December 31, 2019

	Government Activities
Assets	
Cash and cash equivalents	\$ 16,459,598
Receivables:	
Ad valorem taxes	2,866,788
State revenue sharing	16,452
Water sales	34,438
Other	358,189
Due from other governmental unit	243,500
Total Current Assets	19,978,965
Capital assets, net of accumulated depreciation of \$3,960,962	10,162,470
Total Assets	30,141,435
Deferred Outflows of Resources	261,848
Liabilities	
Accounts payable	884,928
Accrued payroll	7,163
Deferred revenue	16,302
Total Current Liabilities	908,393
Accrued compensated absences payable	64,600
Net pension liability	178,527
Other post-employment benefit liability	217,802
Total Long-term Liabilities	460,929
Total Liabilities	1,369,322
Deferred Inflows of Resources	30,350
Net Position	
Net investment in capital assets	10,162,470
Unrestricted	18,841,141
Total Net Position	\$ 29,003,611

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Statement of Activities
For the Year Ended December 31, 2019

	Government Activities
REVENUES	
Charges for services	\$ 268,181
Operating grant from Delta Regional Authority	243,500
TOTAL REVENUES	<u>511,681</u>
EXPENSES	<u>2,342,385</u>
GENERAL REVENUES	
Ad valorem taxes	4,208,775
Reimbursements from various projects	207,549
Miscellaneous income	163,163
State revenue sharing	103,400
Pension revenues	41,991
Interest income	8,882
TOTAL GENERAL REVENUES	<u>4,733,760</u>
CHANGE IN NET POSITION	2,903,056
NET POSITION - Beginning	<u>26,100,555</u>
NET POSITION - Ending	<u><u>\$ 29,003,611</u></u>

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Balance Sheet
Governmental Fund Type
General Fund
December 31, 2019

Assets

Cash and cash equivalents	\$ 16,459,598
Receivables:	
Ad valorem taxes	2,866,788
State revenue sharing	16,452
Water sales	34,438
Other	358,189
Due from other governmental unit	<u>243,500</u>

Total Assets \$ 19,978,965

Liabilities and Fund Balance

Liabilities:	
Accounts payable	\$ 884,928
Accrued payroll	7,163
Deferred revenue	<u>16,302</u>

Total Liabilities 908,393

Fund Balance

Unassigned	<u>19,070,572</u>
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Total Liabilities and Fund Balance \$ 19,978,965

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Statement of Revenues, Expenditures,
and Changes in Fund Balance -
Governmental Fund Type
General Fund
For the Year Ended December 31, 2019

REVENUES

Ad valorem taxes	\$ 4,208,775
Water sales	268,181
Intergovernmental:	
Grant revenue from Delta Regional Authority	243,500
State revenue sharing	103,400
Total Revenues	<u>4,823,856</u>

EXPENDITURES

General government - current:	
Salaries	724,854
Special projects	249,125
Group insurance	195,047
Utilities	153,031
Insurance - general	150,687
Ad valorem deduction for pension	145,958
Public outreach	77,197
Retirement expense	53,388
Payroll taxes	52,925
Monitoring gauge expense	45,805
Legal fees	39,686
Professional fees	27,020
Repairs and maintenance	23,072
Accounting fees	21,263
Material and supplies	18,394
Miscellaneous expense	13,804
Fuel and lube	13,644
Office expense	8,147
Computer expense and equipment	7,808
Telephone	6,263
Legal publications	5,016
Engineering fees	4,850
Executive director expenses	4,617
Mileage and travel	2,921
Dues and subscriptions	1,173
Medical	241
Total current expenditures	<u>2,045,936</u>
Capital outlay	<u>1,586,678</u>
Total Expenditures	<u>3,632,614</u>

OTHER FINANCING SOURCES

Reimbursements from various projects	207,549
Miscellaneous income	117,168
Insurance proceeds	45,995
Interest income	8,882
Total Financing Sources	<u>379,594</u>

Excess Revenues Over Expenditures	1,570,836
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FUND BALANCES

Beginning of year	<u>17,499,736</u>
End of year	<u>\$ 19,070,572</u>

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2019

Fund balance - governmental fund	\$ 19,070,572
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets of \$14,123,432, net of accumulated depreciation of \$3,960,962, are not financial resources and, therefore, are not reported in the governmental funds.	10,162,470
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Deferred outflows of resources related to pension and OPEB liability are not available resources, and therefore, are not reported in the funds.	261,848
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Liabilities not due and payable in the current period and, therefore, are not reported in the funds:

Compensated absences	(64,600)
Net pension liability	(178,527)
Other post-employment benefits	(217,802)

Deferred inflows of resources related to net pension liability and OPEB liability are not payable from current expendable resources, and therefore, are not reported in the funds.	<u>(30,350)</u>
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Net position of governmental activities	<u><u>\$ 29,003,611</u></u>
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See accompanying notes.

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Reconciliation of the Statement of Governmental Fund Revenues,
Expenditures and Changes in Fund Balance to the
Statement of Activities
For the Year Ended December 31, 2019

Change in fund balance - governmental fund	\$ 1,570,836
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, whereas in the statement of activities, these costs are depreciated over their estimated useful lives.

Depreciation expense	(199,082)	
Capital outlays	<u>1,586,678</u>	1,387,596

Payment of compensated absences and other post-employment benefits are reported as expenditures in the governmental funds when actually paid. However, on the Statements of Activities, these are expensed as they are accrued. These are the changes in the liabilities for 2019:

Compensated absences	840	
Other post-employment benefits	<u>(53,346)</u>	(52,506)

Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability and OPEB liability.	<u>(2,870)</u>
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Change in net position of government activities	<u><u>\$ 2,903,056</u></u>
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See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Introduction

The Bayou Lafourche Fresh Water District (the District) was created under Act 113 of 1950, of the Louisiana Legislature, for the purpose of furnishing fresh water from the Mississippi River to the incorporated villages, towns, and cities along Bayou Lafourche. The District is governed by a board of twelve commissioners appointed for terms of four years. The parish governments of Ascension and Assumption each appoint two commissioners, and the Governor of Louisiana appoints four commissioners each from Lafourche and Terrebonne Parishes.

The financial statements of the Bayou Lafourche Fresh Water District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

Note 1 – Summary of Significant Accounting Policies

A. Financial Reporting Entity

The accompanying financial statements present information only on the funds maintained by the Bayou Lafourche Fresh Water District.

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

B. Basis of Presentation

GASB Statements establish standards for external financial reporting for all state and local governmental entities which includes a statement of net position and a statement of activities. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 1 – Summary of Significant Accounting Policies (Cont.)

Unrestricted – This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. It establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are defined as follows:

Nonspendable – This component of fund balance includes amounts that cannot be spent due to form, including inventories and prepaid amounts. Also included are amounts that must be maintained intact legally or contractually.

Restricted – This component of fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – This component of fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Commissioners must vote on commitments.

Assigned – This component of fund balance is intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Commissioners can vote on applicable assigned amounts.

Unassigned – This component of fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Stabilization Funds – This component of fund balance covers such things as revenue shortfalls, emergencies, or other purposes. The authority to set aside resources often comes from a statute, ordinance, or constitution.

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 1 – Summary of Significant Accounting Policies (Cont.)

activities generally are financed through taxes, intergovernmental revenues, and water sales.

Fund Financial Statements:

The daily accounts and operations of the District are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The governmental fund of the District is:

General Fund – The general fund is the general operating fund of the District. It is used to account for all financial resources.

C. 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.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

Program Revenues – Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 1 – Summary of Significant Accounting Policies (Cont.)

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue-sharing (intergovernmental revenue) are recognized as revenue in the year levied.

Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund. All annual appropriations lapse at fiscal year-end. Formal budgetary integration is employed as part of the accounting system, and the budget is amended by supplemental appropriations as needed to comply with State law.

E. Cash and Cash Equivalents

The District considers all highly liquid investments purchased with an initial maturity of ninety days or less to be cash equivalents.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 1 – Summary of Significant Accounting Policies (Cont.)

F. Bad Debts

The financial statements of the District contain no allowance for bad debts. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the District.

G. Capital Assets

The accounting treatment over capital assets depends on whether the assets are reported in the government-wide or fund financial statements.

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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. The range of estimated useful lives by type of assets is as follows:

<u>Category</u>	<u>Life</u>
Buildings and improvements	10 - 40 years
Equipment and furniture	5 - 40 years
Vehicles	5 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. Interfund Transactions

Interfund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

I. Compensated Absences

Employees of the District accumulate an unlimited amount of annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 1 – Summary of Significant Accounting Policies (Cont.)

Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits. The cost of leave privileges is computed in accordance with GASB Codification Section C60. An estimate of the leave privileges requiring current resources is accrued in the General Fund. The District records the long-term portion of accrued leave in the GWFS. As of December 31, 2019, the District accrued \$64,600 of compensated absences payable.

J. 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, the 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.

K. Recent Pronouncement

Statement No. 87, "Leases", increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

Note 2 – Deposits

Cash includes demand deposits and interest-bearing demand deposits. 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 state in the union, or the laws of the United States. Further, the District may deposit funds in time deposits or certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

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

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 2 – Deposits (Cont.)

The year end balances of deposits are as follows:

	Bank Balance	Reported Amount
Cash	\$ 16,498,341	\$ 16,459,598

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2019, \$16,248,321 of the District's bank balance was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Cash was adequately collateralized in accordance with State law by securities held by unaffiliated banks for the accounts of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 – Capital Assets

A summary of changes in capital assets follows:

	January 1, 2019	Additions	Deletions	December 31, 2019
Capital assets, not being depreciated:				
Land	\$ 844,697	\$ 120,500	\$ -	\$ 965,197
Construction in progress	3,130,724	1,457,622	-	4,588,346
Total capital assets not being depreciated	3,975,421	1,578,122	-	5,553,543
Capital assets being depreciated:				
Equipment	6,285,097	8,556	-	6,293,653
Buildings	2,148,850	-	-	2,148,850
Vehicles	127,386	-	-	127,386
Total capital assets being depreciated	8,561,333	8,556	-	8,569,889

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 3 – Capital Assets (Cont.)

Less accumulated depreciation:

Equipment	(1,933,158)	(182,512)	-	(2,115,670)
Buildings	(1,701,653)	(16,370)	-	(1,718,023)
Vehicles	(127,069)	(200)	-	(127,269)
Accumulated depreciation	(3,761,880)	(199,082)	-	(3,960,962)
Totals	\$ 8,774,874	\$ 1,387,596	\$ -	\$ 10,162,470

The weir removal design/water control structure project totaling \$823,547, the Donaldsonville pump station design totaling \$3,618,697, and the drainage improvement project totaling \$146,102 were in progress as of December 31, 2019.

For the year ended December 31, 2019, depreciation expense was \$199,082.

Note 4 – Property Taxes

Lafourche Parish – Property taxes are levied on the assessed value listed as of the prior January 1 for all real property, merchandise, and moveable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. Taxes are due and payable December 31, with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes.

Assumption Parish – Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied by the parish government in June or July and are billed to taxpayers by the Sheriff in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Assumption Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for pension fund contributions.

Ascension Parish – Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied in October and billed to the taxpayers in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Ascension Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's and legislative pension fund contributions.

Terrebonne Parish – Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise, and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. Taxes are due and payable December 31, with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 5 – Pension and Retirement Plans

The Bayou Lafourche Fresh Water District contributes to Parochial Employees' Retirement System of Louisiana (PERS), under Plan B, which 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 retirement 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. Plan B was designated for employees that remained in Social Security on the revision date. Sections 1901 through 2025 of Title 11 of the Louisiana Revised Statutes (LA R.S. 11:1901-2025) and other general laws of the State of Louisiana govern PERS.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.persla.org.

Plan Descriptions: For the year ended December 31, 2018, there were 211 contributing municipalities in Plan A and 53 in Plan B. The Bayou Lafourche Fresh Water District is a participant in Plan B only.

The following is a description of the plan and its benefits and is provided for general information purposes only.

All permanent District employees who work at least 28 hours per 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.

Any member of Plan B who was hired before January 1, 2007 can retire providing the member meets one of the following criteria:

1. Age 55 with thirty (30) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Age 65 with a minimum of seven (7) year of creditable service.

Eligibility for retirement for Plan B members hired on or after January 1, 2007 is as follows:

1. Age 55 thirty (30) or more years of creditable service.
2. Age 62 with ten (10) or more years of creditable service.
3. Age 67 with seven (7) or more years of creditable service.

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

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 5 – Pension and Retirement Plans (Cont.)

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50, and until remarriage, if the remarriage occurs before age 55. 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.

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) for up to 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 DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan 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 the 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 of 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.

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was 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 B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his/her years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 5 – Pension and Retirement Plans (Cont.)

Employer Contributions: Employer contributions are actuarially-determined each year. For the year ended December 31, 2019, employer contributions were 7.5%.

Non-Employer Contribution: In accordance with state statute, the System also receives $\frac{1}{4}$ of 1.0% 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 Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources: As of December 31, 2019, the District reported a liability in its government-wide financial statements of \$178,527 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of December 31, 2018 by an actuarial valuation performed of the retirement system as of the 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. As of December 31, 2018, the District's proportionate share of the System was .660806%, which was an increase of .049288% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the District recognized a pension expense of \$98,249 in its governmental activities related to its participation in the System.

As of December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 39,777
Changes in assumptions	49,606	-
Changes in proportion	1,158	28
Difference between projected and actual investment earnings on pension plan investments	122,248	-
Employer contributions subsequent to the measurement date	53,388	-
	<u>\$ 226,400</u>	<u>\$ 39,805</u>

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 5 – Pension and Retirement Plans (Cont.)

Deferred outflows of resources of \$53,388 related to pensions resulting from the District's contributions to the System subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2019	\$ 42,477
2020	19,540
2021	17,686
2022	53,504
Total	<u>\$ 133,207</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2019 is as follows:

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	4 years
Investment Rate of Return	6.50%, per annum (net of fees)
Inflation Rate	2.40% per annum
Salary Increase	4.25%
Cost of Living Adjustments	Benefits currently being paid and those previously granted
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees, General Employees, and General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality (Health Retirees) and disabled annuitants (General Disabled Retirees).

The discount rate used to measure the total pension liability was 6.50% for Plan B. 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

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 5 – Pension and Retirement Plans (Cont.)

approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability/(asset) of the participating employers calculated using the discount rate of 6.50%, as well as what the employer's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate as of December 31, 2018.

	Changes in Discount Rate:		
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability (Asset)	\$ 469,689	\$ 178,527	\$ (64,724)

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2019, the District recognized revenue as a result of support received from the non-employer contributing entities of \$8,717 for its participation in the System.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at www.persla.org.

Note 6 – Other Post-Employment Benefits

Plan Description. The Bayou Lafourche Fresh Water District provides certain continuing health care and life insurance benefits for its retired employees. The District's Plan is a single-employer defined benefit OPEB plan administered by the District. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the District. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 6 – Other Post-Employment Benefits (Cont.)

Benefits Provided. Medical and life benefits are provided through comprehensive plans and are made available to employees upon actual retirement. 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, 2007, 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.

Life insurance coverage is provided to retirees and 0% of the blended rate (active and retired) is paid by the employer. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 75% of the original amount at age 65 and 50% of the original amount at age 70.

Actuarial Value of Plan Assets. This is not applicable since the OPEB benefits are not as yet funded.

Employees Covered by Benefit Terms. As of December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>13</u>
Total	<u><u>14</u></u>

The valuation used the "Closed Group" method; i.e., the employees and retirees as of the valuation date were used and employees to be hired in the future were not considered. Employees were assumed to continue the same types of coverage into retirement. The significant actuarial assumptions used in the January 1, 2019 valuation of the Plan are as follows:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level dollar, open
Discount Rate	2.74% per annum (Bond Buyer 20-Bond General Obligation Index)
Inflation Rate	2.50% per annum

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 6 – Other Post-Employment Benefits (Cont.)

Healthcare Trend	0.00% per annum
Salary Increase	3.00% per annum
Retirement Age	Same as listed under Note 5
Mortality	RP-2000 Table without projection with 50%/50% unisex blend.
Assumed Rate of Medical Trend	1.000 from 2018 through 2066
Value of Benefits	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 variable percentage of the first \$500 monthly of the cost of the medical insurance for retirees. The percentage is 30% at 15 years grading up to 75% at 30 years of service, and further grading up to 100% at 38 years of service.

Annual OPEB Expense. The District's annual other post-employment benefit (OPEB) expense is calculated based on an amount actuarially-determined in accordance with the parameters of GASB Statement 75. The total OPEB expense for the year ending December 31, 2019 is \$53,346.

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:

Service cost	\$ 11,913
Interest cost	6,987
Changes in assumptions/inputs	27,190
Difference between expected and actual experience	10,575
Benefit payments and net transfers	<u>(3,319)</u>
Increase in net OPEB obligation (total OPEB expense)	53,346
Net OPEB obligation as of January 1, 2019	<u>164,456</u>
Net OPEB obligation as of December 31, 2019	<u><u>\$ 217,802</u></u>

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 6 – Other Post-Employment Benefits (Cont.)

Sensitivity of the total OPEB liability to Changes in Discount Rate. The following presents the OPEB liability calculated using the discount rate of 2.74%, as well as what the employer's OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.74%) or one percentage point higher (3.74%) than the current rate as of December 31, 2019.

	Changes in Discount Rate:		
	1% Decrease 1.74%	Current Discount Rate 2.74%	1% Increase 3.74%
OPEB Liability	<u>\$ 244,480</u>	<u>\$ 217,802</u>	<u>\$ 195,173</u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. As of December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and experience	\$ 10,730	\$ -
Changes in assumptions	<u>24,718</u>	<u>(9,455)</u>
Total Deferred Outflows and Inflows	<u>\$ 35,448</u>	<u>\$ (9,455)</u>

The net amounts of deferred outflows/inflows of resources attributable to fiscal year ended December 31, 2019 will be recognized in OPEB expense in future years as follows:

Year	
2020	\$ 2,599
2021	2,599
2022	2,599
2023	2,599
2024	2,599
Thereafter	<u>12,998</u>
Total	<u>\$ 25,993</u>

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 7 – Risk and Insurance

The District is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; errors and omissions; and injuries to the public; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed.

Note 8 – Litigation and Claims

The District is involved in several cases of litigation as of December 31, 2019. In the opinion of management and legal counsel, the District has adequate legal defenses for the issues raised, and the outcome of these matters will not have a significant effect on the District's financial position as of December 31, 2019.

Note 9 – Compensation of Board Members

The following amounts were paid to commissioners for the year ended December 31, 2019:

Eli Miles, Jr.	\$ 900
Gregory Nolan	900
Christopher Domangue	825
Ray Mayet	825
Donald Schwab	825
Gene Harrell	750
Lance Authement	600
Barry Soudelier	600
Scott LeBlanc	525
Hugh Caffery	-
Jake Giardina	-
Francis Richard	-
Total	<u>\$ 6,750</u>

Note 10 – Subsequent Events

On February 4, 2019, the District received approval for a \$65,000,000 loan request through the Department of Environmental Quality Clean Water Revolving Loan Fund Program pending the District's ability to satisfy all regulatory and financial requirements. This funding is for a pump station project and is offered in the form of a 0.95% low interest loan with a 20-year term. Coastal Protection and Restoration Authority will service the principal and interest on \$50,000,000, and the District will service the principal and interest on \$15,000,000. As of April 6, 2020, no closing date has been established.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2019

Note 10 – Subsequent Events (Cont.)

On January 30, 2020, the World Health Organization declared the COVID-19 “Coronavirus” outbreak a public health emergency. The virus rapidly spread from China to regions across the globe, eventually reaching the United States of America. As of the date of these financial statements, the United States’ governing bodies implemented drastic measures in an effort to slow the spread of the virus, including mandatory quarantining of certain areas of the population. Such efforts will likely have a negative impact on the local economy in which the District operates. No estimate of the financial effects of this event can be made at this time.

Subsequent events were evaluated through April 6, 2020, which is the date the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
 Budgetary Comparison Schedule – General Fund
 Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad valorem taxes	\$ 3,801,000	\$ 3,801,700	\$ 4,208,775	\$ 407,075
Water sales	269,000	225,000	268,181	43,181
Intergovernmental:				
State revenue sharing	85,000	90,000	103,400	13,400
Other financing sources:				
Delta Regional Authority grant	-	250,000	243,500	(6,500)
Reimbursements from various projects	-	210,841	207,549	(3,292)
Miscellaneous income	252,000	100,000	117,168	17,168
Insurance proceeds	100,000	45,995	45,995	-
Interest	8,000	7,500	8,882	1,382
Phase I legal fees reimbursed by State	100,000	-	-	-
Total Revenues	<u>4,615,000</u>	<u>4,731,036</u>	<u>5,203,450</u>	<u>472,414</u>
EXPENDITURES				
General government - current:				
Salaries	729,375	723,117	724,854	(1,737)
Special projects	324,000	254,500	249,125	5,375
Group insurance	205,000	190,000	195,047	(5,047)
Utilities	364,000	161,500	153,031	8,469
Insurance - general	175,000	150,000	150,687	(687)
Ad valorem deduction for pension	140,000	140,000	145,958	(5,958)
Public outreach	73,000	77,947	77,197	750
Retirement expense	65,000	60,000	53,388	6,612
Payroll taxes	65,000	60,000	52,925	7,075
Monitoring gauge expense	35,000	41,730	45,805	(4,075)
Legal fees	175,000	60,000	39,686	20,314
Professional fees	75,000	35,000	27,020	7,980
Repairs and maintenance	80,000	21,000	23,072	(2,072)
Accounting fees	22,000	28,500	21,263	7,237
Material and supplies	30,000	17,000	18,394	(1,394)
Miscellaneous expense	13,850	15,125	13,804	1,321
Fuel and lube	22,000	13,500	13,644	(144)
Office expense	10,000	7,500	8,147	(647)
Computer expense and equipment	8,000	6,500	7,808	(1,308)
Telephone	7,000	7,000	6,263	737
Legal publications	2,500	4,000	5,016	(1,016)
Engineering fees	40,000	10,000	4,850	5,150
Executive director expenses	5,000	5,000	4,617	383
Mileage and travel	3,000	3,000	2,921	79
Dues and subscriptions	2,000	1,000	1,173	(173)
Medical	1,000	-	241	(241)
Capital outlay	4,383,000	1,549,750	1,586,678	(36,928)
Total Expenditures	<u>7,054,725</u>	<u>3,642,669</u>	<u>3,632,614</u>	<u>10,055</u>
Excess (deficiency) of revenues over expenditures	(2,439,725)	1,088,367	1,570,836	482,469
FUND BALANCES				
Beginning of year	<u>13,846,210</u>	<u>14,922,294</u>	<u>17,499,736</u>	<u>2,577,442</u>
End of year	<u>\$ 11,406,485</u>	<u>\$ 16,010,661</u>	<u>\$ 19,070,572</u>	<u>\$ 3,059,911</u>

See Independent Auditor's Report.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Employer's Share of Net Pension Liability
Year Ended December 31, 2019

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's 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 Payroll</u>	<u>Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability</u>
Parochial Employees' Retirement System (PERS) Plan B					
2019	0.660806%	\$ 178,527	\$ 653,135	27.33%	91.93%
2018	0.611518%	(76,941)	577,112	-13.33%	104.02%
2017	0.551877%	71,693	534,668	13.41%	95.50%
2016	0.537063%	95,622	491,021	19.47%	93.48%
2015	0.514874%	1,430	491,257	0.29%	99.89%

Notes to Schedule:

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

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Employer Contributions
Year Ended December 31, 2019

<u>Year</u>	<u>Statutorily Required Contributions</u>	<u>Contributions in Relation to Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
Parochial Employees' Retirement System (PERS) Plan B					
2019	\$ 51,361	\$ 51,361	\$ -	\$ 684,814	7.50%
2018	50,585	50,585	-	653,135	7.74%
2017	46,169	46,169	-	577,112	8.00%
2016	45,392	45,392	-	534,668	8.49%
2015	44,784	44,784	-	491,021	9.12%

Notes to Schedule:

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

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Changes in Net OPEB Liability and Related Ratios
Year Ended December 31, 2019

	<u>2018</u>	<u>2019</u>
Service cost	\$ 13,176	\$ 11,913
Interest cost	5,687	6,987
Changes in assumptions/inputs	(11,346)	27,190
Difference between expected and actual experience	1,340	10,575
Benefit payments and net transfers	<u>(3,146)</u>	<u>(3,319)</u>
Net change in total OPEB liability	5,711	53,346
Total OPEB liability - beginning of year	<u>158,745</u>	<u>164,456</u>
Total OPEB liability - ending of year	<u><u>\$ 164,456</u></u>	<u><u>\$ 217,802</u></u>
Covered-employee payroll	<u><u>\$ 636,891</u></u>	<u><u>\$ 655,998</u></u>
Net OPEB liability as a percentage of covered-employee payroll	25.82%	33.20%

Notes to Schedule:

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

OTHER INFORMATION

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Compensation, Benefits, and Other
Payments to the Executive Director
For the Year Ended December 31, 2019

Agency Head Name: Mr. Benjamin Malbrough, Executive Director

Purpose	Amount
Salary	\$ 176,214
Benefits - insurance	18,161
Benefits - retirement	13,216
Conference travel	2,134
Special meals	1,493
Reimbursements	954
Vehicle provided by government	690
Dues	450
Car allowance/automobile expense	-
Continuing professional education fees	-
Deferred compensation	-
Housing	-
Membership fees	-
Other - engineering license renewal	-
Per diem	-
Registration fees	-
Service fees	-
Travel	-
Unvouchered expenses	-

This schedule is used to satisfy the reporting requirements of
R.S. 24:513(A)(3).

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

**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**

Board of Commissioners
Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Bayou Lafourche Fresh Water District (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 6, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be a significant deficiency. This item is listed as 2019-001.

Compliance and Other Matters

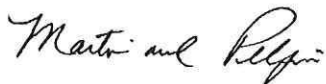
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 that are required to be reported under *Government Auditing Standards*.

The District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Houma, Louisiana
April 6, 2020

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Findings and Responses
For the Year Ended December 31, 2019

Section I – Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Bayou Lafourche Fresh Water District.
2. One significant control deficiency (see finding 2019-001) was noted during the audit of the financial statements. This significant control deficiency was not considered a material weakness.
3. No instances of noncompliance required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. A management letter was not issued.
5. The District received \$243,500 in federal funds during the year.

Section II – Financial Statement Findings

No findings related to the basic financial statements of the Bayou Lafourche Fresh Water District were noted during the audit.

Section III – Internal Control Findings

2019-001

Statement of Condition: A significant control deficiency in the District's internal control.

Criteria: In our consideration of internal control, we noted that the size of the Bayou Lafourche Fresh Water District's operations and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Effects of Condition: The internal control, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause of Condition: The size of the Bayou Lafourche Fresh Water District and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Recommendation: The Board of Commissioners of the Bayou Lafourche Fresh Water District should closely monitor the day-to-day activities of the District.

Section IV – Findings and Questioned Costs – Major Federal Award Program Audit

This section is not applicable.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2019

The contact person for all corrective actions noted below is Mr. Benjamin Malbrough, Executive Director.

Section I – Internal Control and Compliance

Inadequate Internal Control

Condition: A significant control deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Commissioners of the District should closely monitor the day-to-day activities of the District.

Planned Action: The Board of Commissioners will closely monitor the day-to-day activities of the District.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Prior Findings and Resolution Matters
For the Year Ended December 31, 2019

Note: The prior findings all relate to the December 31, 2018 audit engagement.

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

Inadequate Internal Control

Condition: Due to the size of the Bayou Lafourche Fresh Water District's accounting staff, there is an insufficient segregation of duties.

Recommendation: The Board of Commissioners of the Bayou Lafourche Fresh Water District should closely monitor the day-to-day activities of the District.

Status: Ongoing. The lack of segregation of duties continues to exist. The Board will monitor the day-to-day operations of the District as recommended in current finding 2019-001.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

STATEWIDE AGREED-UPON PROCEDURES

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Board of Commissioners
Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

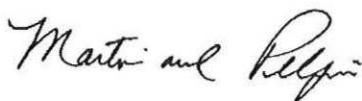
We have performed the procedures enumerated below, which were agreed to by the management of Bayou Lafourche Fresh Water District (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2019. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are described on pages 45-57.

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

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



Houma, Louisiana
April 6, 2020

Bayou Lafourche Fresh Water District**Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2019

The required procedures and our findings are as follows:

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

Written Policies and Procedures

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

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

Performance: Obtained and inspected the written policy for budgeting and found it to contain the elements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes

Performance: Obtained and read the written policy for purchasing and found it to contain the elements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for disbursements and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions

Performance: Obtained and read the written policy for receipts/collections and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Bayou Lafourche Fresh Water District

Thibodaux, Louisiana

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2019

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

Performance: Obtained and read the written policy for payroll and personnel and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Performance: Obtained and read the written policy related to contracting and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage

Performance: Obtained and read the written policy for credit cards and found it contained all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the travel and expense reimbursement policy and found it contained all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy

Performance: Obtained and read the ethics policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Bayou Lafourche Fresh Water District**Thibodaux, Louisiana****Schedule of Procedures and Associated Findings of the****Statewide Agreed-Upon Procedures****For the Year Ended December 31, 2019**

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

Performance: Determined that this policy is not applicable as the District has no debt service. However, management will adopt a policy for the debt service that is expected in the near future.

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

Performance: Obtained and read the written policy for disaster recovery/business continuity and found it contained all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Board of Finance Committee

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

Performance: Determined that the procedures under #2 could be excluded as the District did not have any exceptions in the Board of Finance Committee category in Year 1 and was thereby exempt in Year 2 and Year 3.

Bayou Lafourche Fresh Water District**Thibodaux, Louisiana****Schedule of Procedures and Associated Findings of the****Statewide Agreed-Upon Procedures****For the Year Ended December 31, 2019****Bank Reconciliations**

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date;
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation;
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Performance: Determined that the procedures under #3 could be excluded as the District did not have any exceptions in the Bank Reconciliations category in Year 1 and was thereby exempt in Year 2 and Year 3.

Collections

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

Performance: Observed the listing of deposit sites from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

Bayou Lafourche Fresh Water District

Thibodaux, Louisiana

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2019

Performance: Observed the listing of collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: There are no cash drawers/registers to be shared by employees.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees preparing/making bank deposits.

Exceptions: The person who usually collects checks (no cash collected) is the one responsible for making the deposit, recording each transaction, and reconciling the bank accounts.

Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-to-day activities of the District.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees posting collection entries to the general ledger or subsidiary ledgers.

Exceptions: There are no separation of duties.

Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-to-day activities of the District.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

Bayou Lafourche Fresh Water District

Thibodaux, Louisiana

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2019

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees reconciling cash collections to the general ledger and/or subsidiary ledgers.

Exceptions: There are no separation of duties.

Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-to-day activities of the District.

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

Performance: Determined that employees who have access to cash are covered by a bond or insurance policy for theft.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

7. Randomly select two deposit dates for each of the bank accounts applicable. Obtain supporting documentation for each of the deposits and:

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

Performance: Determined that sequentially pre-numbered receipts are not required for the type of deposits that are received at the District.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected deposits from two random deposit dates to determine if they had collection documentation that agreed to the respective deposit slips. Noted that all collections were supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected deposits from two random deposit dates to determine if the deposit slips agreed to the actual deposits per the bank statements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Bayou Lafourche Fresh Water District

Thibodaux, Louisiana

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2019

- d) Observe that the deposit was made within one business day of receipt at the collection location.

Performance: Determined if deposits from two random dates were deposited within one business day of receipt.

Exceptions: Two deposits were not deposited within one business day.

Management's response: Management will ensure that deposits are made in a timely manner.

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

Performance: Inspected deposits from two random deposit dates to determine if the deposits per the bank statements agree to the general ledger.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Obtained a listing of locations that processed payments for the fiscal period from management and received management's representation in a separate letter. Determined that only one location processed payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties, and observe that job duties are properly segregated such that:

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

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for initiating, approving, and making purchases.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Bayou Lafourche Fresh Water District

Thibodaux, Louisiana

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2019

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

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for processing and approving payments to vendors.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy and inquired of management as to separation of duties related to vendor files.

Exceptions: The person responsible for recording payments in the accounting system also adds vendors to the disbursements system.

Management's response: These duties will be separated when the benefit of doing so exceeds the cost.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: Inquired of management to determine if the employee responsible for processing payments mails those respective payments.

Exceptions: The person who processes checks also mails them.

Management's response: These duties will be separated when the benefit of doing so exceeds the cost.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter. Randomly selected five disbursements using a random number generator for check numbers to test the requirements below.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Determined that the five random disbursements matched their respective original invoices.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

Performance: Determined whether the documentation for the five random disbursements gave evidence of the segregation of duties tested under #9 above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card, obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals.

Performance: Determined that the procedures under #11 – #13 could be excluded as the District did not have any exceptions in the Credit Cards/Debit Cards/Fuel Cards/P-Cards category in Year 1 and was thereby exempt in Year 2 and Year 3.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Determined that the procedures under #14 could be excluded as the District did not have any exceptions in the Travel and Travel-Related Expense Reimbursements category in Year 2 and was thereby exempt in Year 3.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select five contracts from the listing, excluding the practitioner's contract, and:

Performance: Observed the listing of contracts in effect during the fiscal year from management and received management's representation of completeness in a separate letter. Randomly selected five contracts to determine if they complied with the requirements below.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

Performance: Determined that two of the five contracts tested were subject to the Public Bid Law and were in compliance.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected board meeting minutes to determine if the board approved the contracts.

Exceptions: One of the five contracts was not mentioned in the board minutes.

Management's response: The Executive Director is authorized to enter into contracts for professional services up to \$5,000 without board approval.

- c) If the contract was amended, observe that the original contract terms provided for such an amendment.

Performance: Determined that one of the five contracts was amended and that it did follow the provisions of the original contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Inspected one invoice and payment from each of the five contracts to determine if the invoice and related payment complied with the terms of each respective contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

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17. Randomly select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave.
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Performance: Determined that the procedures under #16 – #19 could be excluded as the District did not have any exceptions in the Payroll and Personnel category in Year 1 and was thereby exempt in Year 2 and Year 3.

Ethics

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

Performance: Determined that the procedures under #20 could be excluded as the District did not have any exceptions in the Ethics category in Year 1 and was thereby exempt in Year 2 and Year 3.

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Debt Service

This section is not applicable. The District has no debt service.

Other

21. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets and determined that none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

22. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired and observed such notice posted on the premises and website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.