

**WATERWORKS DISTRICT NO. 5
OF THE PARISH OF ST. MARY**

Centerville, Louisiana

Financial Statements

Year Ended May 31, 2022

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Commissioners
Waterworks District No. 5 of the Parish of St. Mary
Centerville, Louisiana

Report on the Financial Statements

We have reviewed the accompanying financial statements of Waterworks District No. 5 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, which comprise the statement of net position as of May 31, 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be 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 schedules for employer's share of net pension liability/(asset) and employer pension contributions be presented to supplement the basic financial statements. Such information, although not a required 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. Such information is the responsibility of management. We have not audited or reviewed the schedule of employer's share of net pension liability/(asset), schedule of employer contributions, or note to retirement system schedules, as listed in the table of contents, and do not express an opinion, conclusion, nor provide any assurance on such information.

The District has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required 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 operation, economic, or historical context.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
September 13, 2022

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Statement of Net Position
May 31, 2022

ASSETS

Current assets	
Cash	<u>\$ 38,332</u>
Noncurrent assets	
Capital assets	
Capital assets not being depreciated	16,500
Other capital assets, net of accumulated depreciation	2,782,081
Net pension asset	<u>137,263</u>
Total noncurrent assets	<u>2,935,844</u>
Total assets	<u>2,974,176</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources related to net pension liability	<u>15,547</u>
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LIABILITIES

Current liabilities	
Accrued expense	<u>30,390</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to net pension liability	<u>105,884</u>
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NET POSITION

Net investment in capital assets	2,798,581
Unrestricted	<u>54,868</u>
Total net position	<u>\$ 2,853,449</u>

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Statement of Revenues, Expenses, and Changes in Net Position
Year Ended May 31, 2022

Operating expenses	
Personnel services and related benefits	\$ 273,254
Other services and charges	21
Depreciation	<u>240,084</u>
Total operating expenses	<u>513,359</u>
Operating loss	<u>(513,359)</u>
Nonoperating revenues	
Investment income	95
Miscellaneous income	<u>3,604</u>
Total non-operating revenues	<u>3,699</u>
Loss before transfers	(509,660)
Transfers from St. Mary Parish Water and Sewer Commission No. 3	<u>245,000</u>
Change in net position	(264,660)
Net position, beginning	<u>3,118,109</u>
Net position, ending	<u>\$ 2,853,449</u>

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

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Statement of Cash Flows
Year Ended May 31, 2022

Cash flows from operating activities	
Payments to suppliers for goods and services	\$ (21)
Payments to employees for services	<u>(307,012)</u>
Net cash used by operating activities	<u>(307,033)</u>
Cash flows from noncapital financing activities	
Receipts from other entities	<u>245,000</u>
Cash flows from investing activities	
Interest earned on operating funds	<u>95</u>
Net decrease in cash and cash equivalents	(61,938)
Cash and cash equivalents, beginning	<u>100,270</u>
Cash and cash equivalents, ending	<u>\$ 38,332</u>

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

Operating loss	\$ (513,359)
Adjustments to reconcile loss from operations to net cash provided by operating activities:	
Depreciation expense	240,084
Pension expense, net of nonemployer contributions	(36,505)
Change in accrued expenses	<u>2,747</u>
Net cash used by operating activities	<u>\$ (307,033)</u>

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

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to the Financial Statements

INTRODUCTION

Waterworks District No. 5 of the Parish of St. Mary (“District”) was created by Ordinance No. 595 of the St. Mary Parish Police Jury (predecessor to the St. Mary Parish Council), on September 5, 1954, for the purpose of establishing, acquiring, constructing, maintaining and operating a waterworks system for the benefit of the people of the District. The District is governed by a board of seven members. These board members are appointed by the St. Mary Parish Council.

In September 2016, the St. Mary Parish Council adopted Ordinance No. 2060 the purpose of which was to combine the operations of the District with the operations of Sewerage District No. 5 of the Parish of St. Mary and Sewerage District No. 8 of the Parish of St. Mary. The entities were combined to create St. Mary Parish Water and Sewer Commission No. 3 (the “Commission”) whose boundaries would comprise the entirety of the boundaries of the three consolidated districts. The Commission is governed by a separate board of commissioners appointed by the St. Mary Parish Council from the members of the three consolidated districts. The Commission assumed all operations formerly conducted by each of the individual districts other than those actions to which the District maintained legal obligations to bondholders and employees. Upon satisfaction of these obligations, the St. Mary Parish Council intends to adopt ordinances to formally abolish the District.

The District’s board does not meet, as all activity is governed by the Commissioners of St. Mary Parish Water and Sewer Commission No. 3.

(1) Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied in governmental units. The Governmental Accounting Standards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The District is a component unit of the Parish of St. Mary, the financial reporting entity. The parish government is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to the Financial Statements (continued)

C. Fund Accounting

The District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. A fund is considered major if it is the primary operating fund of the entity or its total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The Enterprise Fund of the District is considered to be a major fund.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. The District defines operating revenues as those revenues arising out of the principal business activity of the District. Operating revenues of the District include water sales and service charges, late penalty charges, and other collection fees such as reconnection fees and transfer fees. Substantially all other revenues are reported by the District as nonoperating revenues. Nonoperating revenues include ad valorem tax and state revenue sharing revenues, interest earnings on deposits and investments, capital grants from other governmental entities, and other non-exchange type transactions. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

Revenues

Interest income is recorded when earned. All other revenues are recorded when received.

Expenses

Expenditures are recorded in the period that the liabilities are incurred.

E. Cash, Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and time deposits. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days. Otherwise, they are classified as cash equivalents.

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to the Financial Statements (continued)

F. Interest Receivable

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

G. Waterworks System, Plant and Equipment

Fixed assets of the District are included on the statement of net position of the fund. Fixed assets used in the proprietary fund type operations are valued at historical costs. Infrastructure fixed assets, consisting of the waterworks system, are capitalized along with other fixed assets. The District maintains a threshold level of \$1,000 or more for capitalizing assets. Depreciation of all exhaustible fixed assets used by proprietary fund type operations is charged as an expense against operations. Fixed assets on the statement of net position are net of accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets as follows:

Water plants, lines and meters	5-50 years
Office building	20-39 years
Furniture and equipment	5-10 years
Trucks	5 years

H. Deferred Outflows of Resources

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its statement of net position. The District will not recognize the related decreases until future events occur. The District reports deferred outflows of resources related to its net pension asset.

I. Compensated Absences

Under the District's vacation and sick leave policy, permanent employees shall earn vacation and sick leave. An employee shall be authorized annual leave in the following manner; effective with his/her anniversary date:

<u>Years of Service</u>	<u>Annual Leave</u>
Less than 1 year	0 hours
1-5 years	80 hours
6-15 years	120 hours
16-20 years	160 hours
21 or more years	200 hours

Unused vacation leave can only be carried to the following calendar year when an employee is denied part of their leave because of an emergency.

Sick leave shall be earned at the rate of 1 day per month, up to 12 days per year. An employee may accrue up to 120 days of sick leave. Unpaid sick leave is paid out upon retirement.

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to the Financial Statements (continued)

In accordance with GASBS No. 16, liabilities for compensated absences are estimated based on hours remaining and pay rates in effect at the balance sheet date. At May 31, 2022, earned vacation and sick leave totaling \$11,102 and \$3,971, respectively, has been accrued in the financial statements.

J. Deferred Inflows of Resources

The District's statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The District will not recognize the related revenues until a future event occurs. The District reports deferred inflows of resources related to its net pension asset.

K. Net Position

In the District's financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

L. Pensions

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

M. Accounting Estimates

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

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to the Financial Statements (continued)

N. Risk Management

The District is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption, errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance is purchased for claims arising from such matters. There were no significant changes in coverage, retentions, or limits during the year ended May 31, 2022. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(2) Cash and Cash Equivalents

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At May 31, 2022, the District has cash and interest-bearing deposits (book balances) totaling \$38,332 as follows:

Demand deposits	\$ 1,223
Interest-bearing demand deposits	<u>37,109</u>
	<u>\$ 38,332</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At May 31, 2022, deposit balances (bank balances) totaling \$37,109 are fully secured by federal deposit insurance.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution the District's deposits may not be recovered, or the District will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At May 31, 2022, the District's deposits were not exposed to custodial credit risk.

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to the Financial Statements (continued)

(3) Changes in Capital Assets

The following is a summary of changes in capital assets:

	Balance June 1, 2021	Additions	Deductions	Balance May 31, 2022
Capital assets not being depreciated				
Land	\$ 16,500	\$ -	\$ -	\$ 16,500
Capital assets being depreciated				
Water plant, lines and meters	10,488,224	-	-	10,488,224
Office building	206,396	-	-	206,396
Furniture and equipment	172,016	-	-	172,016
Trucks	58,602	-	-	58,602
Total capital assets beings depreciated	10,925,238	-	-	10,925,238
Less accumulated depreciation	<u>(7,903,073)</u>	<u>(240,084)</u>	<u>-</u>	<u>(8,143,157)</u>
Total	<u>\$ 3,038,665</u>	<u>\$ (240,084)</u>	<u>\$ -</u>	<u>\$ 2,798,581</u>

Depreciation expense charged to operations for the year ended May 31, 2022, is \$240,084.

(4) Pension Plan

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

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

Plan Description: The Parochial Employees' Retirement System of Louisiana (the System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide 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.

Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. Employees of the District are members of Plan B.

The System is governed by Louisiana Revised Statutes, Title 11, Sections 1901 through 2025, specifically, and other general laws of the State of Louisiana.

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to the Financial Statements (continued)

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

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

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

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

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

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) 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) years of creditable service.

For employees hired after January 1, 2007:

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

Generally, the monthly amount of the retirement allowance of any member of Plan B shall consist of an amount equal to 2% of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits: 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.

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

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to the Financial Statements (continued)

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

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

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

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in 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 self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits: For Plan 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 2% of the member's final average compensation multiplied by his years of service, to age 60 for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

Cost of Living Increases: The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2020, the actuarially determined contribution rate was 7.50% of member's compensation for Plan B which is the same actual rate for the plan's fiscal year ending December 31, 2021 for Plan B.

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
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Notes to the Financial Statements (continued)

Non-employer Contributions: According to state statute, PERS also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS 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. During the year ended May 31, 2022, the District recognized revenue as a result of support received from non-employer contributing entities of \$3,604 for its participation in PERS.

Pension Liability/Asset, Pension Expense, and Deferred Outflows and Inflows of Resources:

At May 31, 2022, the District reported assets in its financial statements of \$137,263 for its proportionate share of the net pension asset of PERS. The net pension asset was measured as of December 31, 2021 and the total pension asset used to calculate the net pension asset was determined by separate actuarial valuations performed as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2021, the District's proportional share of PERS was 0.245635%, which was a decrease of 0.008943% from its proportion measured as of December 31, 2020.

For the year ended May 31, 2022, the District recognized pension benefit of \$16,476 in its activities.

At May 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,608	\$ 14,588
Changes of assumptions	5,514	-
Net difference between projected and actual earnings on pension plan investments	-	89,422
Changes in proportion and differences between employer contributions and proportionate share of contributions	93	1,874
Employer contributions subsequent to the measurement date	<u>7,332</u>	<u>-</u>
	<u>\$ 15,547</u>	<u>\$ 105,884</u>

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to the Financial Statements (continued)

The \$7,332 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension asset in the following fiscal year. 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	
2023	\$ (20,932)
2024	(40,334)
2025	(26,807)
2026	(9,596)
	\$ (97,669)

Actuarial Assumptions

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

A summary of the actuarial methods and assumptions used in determining the total pension asset as of December 31, 2021 are as follows:

Parochial Employees' Retirement System of Louisiana Plan B	
Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.40%, net of investment expense, including inflation
Projected Salary Increases	4.25%
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Inflation Rate	2.30%

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to the Financial Statements (continued)

The discount rate used to measure the total pension asset was 6.40% for Plan B, which was the same rate used in the prior year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, PERS'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 asset.

The investment rate of return was 6.40% for Plan B, which was the same rate used in the prior year. The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2021.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate Of Return
Fixed Income	33%	0.85%
Equity	51%	3.23%
Alternatives	14%	0.71%
Real assets	2%	0.11%
Totals	100%	4.90%
Inflation		2.10%
Expected Arithmetic Nominal Return		7.00%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plan Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to the Financial Statements (continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability/(asset) of the participating employers calculated using the discount rate of 6.40%, as well as what the employers' net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower 5.40% or one percentage point higher 7.40% than the current rate.

	Changes in Discount Rate		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	5.4%	6.4%	7.4%
Net Pension Liability / (Asset)	\$ (11,854)	\$ (137,263)	\$ (242,140)

Payables to the Pension Plan: The District recorded accrued liabilities to PERS for the year ended May 31, 2022 primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accrued liabilities. The balance due to PERS as of May 31, 2022 is \$2,637.

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

(5) Compensation Paid to Board Members

For the year ended May 31, 2022, the District's board members received no compensation.

(6) Compensation and Payments to Chief Officer

Act 706 of the 2014 Legislative Session amended R.S. 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. For the year ended May 31, 2022, the District's chief officer, Glenn Blood, received no compensation, reimbursements, benefits, or other payments.

(7) Intergovernmental / Cooperative Endeavor Agreements

St. Mary Parish Water and Sewer Commission No. 3 and St. Mary Parish Fire Protection District No. 2

In July 2001, the District entered into a cooperative endeavor agreement St. Mary Parish Water and Sewer Commission No. 3 and St. Mary Parish Fire Protection District No. 2 for the planning, construction, use and maintenance of a multi-purpose building. The multi-purpose building was completed during 2004 and is co-owned by each District in equal proportions.

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Notes to the Financial Statements (continued)

(8) District Consolidation

In September 2016, the St. Mary Parish Council adopted Ordinance No. 2060 the purpose of which was to combine the operations of the District with the operations of Sewerage District No. 5 of the Parish of St. Mary and Sewerage District No. 8 of the Parish of St. Mary. The entities would be combined to create St. Mary Parish Water and Sewer Commission No. 3 (the "Commission") whose boundaries would comprise the entirety of the boundaries of the three consolidated districts. The Commission is governed by a separate board of commissioners appointed by the St. Mary Parish Council from the members of the three consolidated districts. The Commission has assumed all operations formerly conducted by each of the individual districts other than those actions to which the District maintained legal obligations to bondholders and employees. Upon satisfaction of these obligations, the St. Mary Parish Council will adopt ordinances to formally abolish the districts.

REQUIRED SUPPLEMENTARY INFORMATION

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Schedule of Employer's Share of Net Pension Liability/(Asset)
Year Ended May 31, 2022

Plan Year Ended Dec 31	Employer Proportion of the Net Pension Liability	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability / Asset
2015	0.377302%	\$ 67,177	\$ 372,900	18.01%	93.48%
2016	0.331375%	43,048	330,110	13.04%	95.50%
2017	0.343996%	(43,282)	348,834	-12.41%	104.02%
2018	0.331091%	89,449	346,372	25.82%	91.93%
2019	0.290413%	(21,010)	325,369	-6.46%	102.05%
2020	0.254578%	(65,357)	291,570	-22.42%	106.76%
2021	0.245635%	(137,263)	280,565	-48.92%	114.20%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
See note to retirement system schedules.*

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Schedule of Employer Contributions
Year Ended May 31, 2022

Fiscal Year Ended May 31	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	\$ 30,052	\$ 30,052	\$ -	\$ 358,201	8.39%
2017	27,883	27,883	-	348,532	8.00%
2018	26,939	26,939	-	345,587	7.80%
2019	25,438	25,438	-	339,179	7.50%
2020	24,006	24,006	-	320,077	7.50%
2021	20,536	20,536	-	273,812	7.50%
2022	20,029	20,029	-	267,055	7.50%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
See note to retirement system schedules.*

WATERWORKS DISTRICT NO. 5 OF THE PARISH OF ST. MARY
Centerville, Louisiana

Note to Retirement System Schedules
Year Ended May 31, 2022

Parochial Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions –

Fiscal Year ended May 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2016	7.00%	7.00%	2.50%	4	5.25%
2017	7.00%	7.00%	2.50%	4	5.25%
2018	6.75%	6.75%	2.50%	4	5.25%
2019	6.50%	6.50%	2.40%	4	4.25%
2020	6.50%	6.50%	2.40%	4	4.25%
2021	6.40%	6.40%	2.30%	4	4.25%
2022	6.40%	6.40%	2.30%	4	4.25%

REQUIREMENTS OF THE *LOUISIANA GOVERNMENTAL AUDIT GUIDE*

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
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Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA

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Of Counsel

Victor R. Slaven, CPA* - retired 2020
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Waterworks District No. 5 of the Parish of St. Mary, and
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the compliance of Waterworks District No. 5 of the Parish of St. Mary (hereinafter "District") with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire (Exhibit A) during the year ended May 31, 2022, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District is responsible for its financial records and compliance with applicable laws and regulations.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of understanding the District's compliance with certain laws and regulations contained in the accompanying Louisiana Compliance Questionnaire (Exhibit A) and report on exceptions based upon the procedures performed. Additionally, the Louisiana Legislative Auditor (LLA) has agreed to and acknowledged that the procedures performed are appropriate to meet their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions, if any, are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$250,000. Report whether these expenditures were made in accordance with LSA-RS 38:2211-2296 (the public bid law).

No expenditures for materials and supplies were made during the year that exceeded \$30,000, nor were there any expenditures for public works made during the year that exceeded \$250,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of the board as defined by LSA-R.S. 42:1101-1124 (the code of ethics).

A list of the immediate family members obtained for one (1) board member only.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Report whether any of those employees included in the listing obtained from management in agreed-upon (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed upon procedure (3)] appeared on the list provided by management in agreed-upon procedures (2).

5. Obtain from management a listing of all disbursements made during the year, along with a list of outside business interests of board members, employees, and their respective immediate family members. Report whether any vendors appear on both lists.

There were no disbursements made to vendors.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

The District operates as an enterprise fund and is not required to adopt a budget under provisions of the Local Government Budget Act.

7. Trace the budget adoption to adoption instruments.

Not applicable.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budget revenues by five percent (5%) or more or if actual expenditures exceeded budgeted amounts by five percent (5%) or more.

Not applicable.

Accounting and Reporting

9. Obtain a list of all disbursements made during the fiscal year. Randomly select six disbursements made during the period under examination and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

- a) report whether the six disbursements agree to the amount and payee in the supporting documentation;

No exceptions were identified as a result of applying this procedure.

- b) report whether the six disbursements are coded to the correct fund and general ledger account; and

No exceptions were identified as a result of applying this procedure.

- c) report whether the six disbursements were approved in accordance with management's policies and procedures.

One (1) of the six (6) disbursements tested had no documentation of management's approval, although, payment was for a recurring monthly billing.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law) and report whether there are any exceptions.

Due to the District's consolidation of operations into St. Mary Parish Water and Sewer Commission No. 3, there were no board meetings held for the year ended May 31, 2022.

Debt

11. Obtain bank deposit slips for the fiscal year and scan the deposit slips to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

We inspected copies of all bank deposit slips for the year ended May 31, 2022 and identified no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

We inspected payroll records for the year and identified no instances which would indicate payments to employees that may constitute bonuses, advances, or gifts.

State Audit Law

13. Report whether the District provided for a timely report in accordance with R.S. 24:513

The District provided for a timely report in accordance with R.S. 24:513.

14. Inquire of management and report whether the District entered into any contracts utilizing state funds as defined in R.S. 39:72. 1 A3 (2); and that were subject to public bid law (R.S. 38:2211, et seq.), while the District was not in compliance with R.S. 24:513 (the audit law).

The District did not enter into any such contracts while not in compliance with R.S. 24:513.

Prior Comments and Recommendations

15. Obtain and report management's representation as to whether any prior year suggestions, recommendations, and/or comments have been resolved.

Not applicable – there were no prior year suggestions, recommendations, and/or comments.

We were engaged by the Board of Commissioners of the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States, applicable to attestation engagements. 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 the District's compliance with the foregoing matters. 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.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Compliance Questionnaire (Exhibit A), as required by R.S. 24:513 and the *Louisiana Governmental Audit Guide*, and the results of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the management of the District and Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
September 13, 2022

LOUISIANA ATTESTATION QUESTIONNAIRE
Exhibit A

**Waterworks District No. 5 of the Parish of St. Mary
Louisiana Attestation Questionnaire
Year Ended May 31, 2022**

Kolder, Slaven & Company, LLC CPAs
Post Office Box 3438
Morgan City, LA 70381

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of May 31, 2022 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the state procurement code (R.S. 39:1551 – 39:1755); the public bid law (R.S. 38:2211-2296), and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No N/A

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes No N/A

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes No N/A

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No N/A

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes No N/A

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes No N/A

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No N/A

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No N/A

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No [] N/A []

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes No [] N/A []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes No [] N/A []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No [] N/A []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No [] N/A []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No [] N/A []

General

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No [] N/A []

We acknowledge that we are responsible for determining that that the procedures performed are appropriate for the purposes of this engagement.

Yes No [] N/A []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No [] N/A []

We have provided you with all relevant information and access under the terms of our agreement.

Yes No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No [] N/A []

We are not aware of any material misstatements in the information we have provided to you.

Yes No [] N/A []

We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws

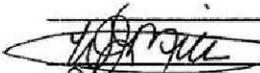
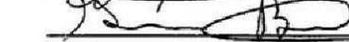
and regulations, including communications received during the period under examination; and will disclose to you any such communication received between the end of the period under examination and the date of your report.

Yes No N/A

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes No N/A

The previous responses have been made to the best of our belief and knowledge.

	Secretary		Date
	Treasurer	6-21-22	Date
	President	6-21-22	Date