

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION,  
STATE OF LOUISIANA  
Napoleonville, Louisiana**

**FINANCIAL STATEMENTS**

**Year ended July 31, 2017**

**Waguespack, Gallagher & Barbera LLC**

*Certified Public Accountants • Business Advisors*

Post Office Box 250

Napoleonville, Louisiana 70390

(985) 369-2515

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION,  
STATE OF LOUISIANA  
Napoleonville, Louisiana**

**FINANCIAL STATEMENTS**

**Year ended July 31, 2017**

## CONTENTS

	<u>Exhibit</u>	<u>Schedule</u>	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	-	-	1-2
<b><u>REQUIRED SUPPLEMENTAL INFORMATION</u></b>			
Management's Discussion and Analysis	-	-	3-8
<b><u>BASIC FINANCIAL STATEMENTS</u></b>			
Statement of Net Position	A	-	9-10
Statement of Revenues, Expenses and Changes in Net Position	B	-	11
Statement of Cash Flows	C	-	12
Notes to Financial Statements	-	-	13-32
<b><u>OTHER REQUIRED SUPPLEMENTAL INFORMATION</u></b>			
Schedule of the Assumption Parish Waterworks' Proportionate Share of the Net Pension Liability	D	-	33
Schedule of The Assumption Parish Waterwork's Contributions	E	-	34
Notes to Required Supplementary Information	F	-	35
<b><u>OTHER SUPPLEMENTAL INFORMATION</u></b>			
Schedule of Compensation, Benefits, and Other Payments to Agency Head	-	1	36
Operating Expenses - Waterworks System	-	2	37-38
Schedule of Changes in Assets Restricted for Revenue Bond Debt Service	-	3	39
Number of Metered Water Customers (Unaudited)	-	4	40
Board of Commissioners - Per Diem	-	5	41
<b><u>OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS</u></b>			
Schedule of Findings and Responses	-	6	42
Summary Schedule of Prior Audit Findings	-	7	43
Report on Internal Control and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	-	-	44-45

# Waguespack, Gallagher & Barbera LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Michael J. Waguespack, CPA, PC

Timothy J. Gallagher, CPA, PC

Tia T. Barbera, CPA, PC

---

Sarah M. Gallagher, CPA

Elaine T. Waguespack, CPA

## INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners  
Waterworks District No. 1 of the  
Parish of Assumption, State of Louisiana  
Napoleonville, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (the District), a component unit of the Assumption Parish Police Jury, as of and for the year ended July 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, as of July 31, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, statement of proportionate share of the net pension liabilities, and the schedule of funding progress for other post-employment benefit plan and the schedule of employer contributions on pages 3 through 8 and 33 through 35; respectively 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 accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head, Operating Expenses-Waterworks System, Schedule of Changes in Assets Restricted for Revenue Bond Debt Service, Number of Metered Water Customers (Unaudited), and Board of Commissioners-Per Diem listed as "Schedules" in the table of contents is presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head, Operating Expenses-Waterworks System, Schedule of Changes in Assets Restricted for Revenue Bond Debt Service, and Board of Commissioners-Per Diem, 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 Agency Head, Operating Expenses-Waterworks System, Schedule of Changes in Assets Restricted for Revenue Bond Debt Service, Board of Commissioners-Per Diem are fairly stated, in all material respects, in relation to the financial statements as a whole.

The Number of Metered Water Customers (Unaudited) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2018 on our consideration of Waterworks District No. 1 of the Parish of Assumption's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Waterworks District No. 1 of the Parish of Assumption's internal control over financial reporting and compliance.

*Wagnerspack, Gallagher, & Barbera, LLC*

January 30, 2018  
Napoleonville, Louisiana

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
July 31, 2017**

Our discussion and analysis of the financial performance of the Assumption Parish Waterworks District No. 1 (the District) provides an overview of the District's financial activities for the fiscal year that ended July 31, 2017. Please read it in conjunction with the financial statements.

**FINANCIAL HIGHLIGHTS**

- The District's net position increased by \$841,396 or 4.2 percent.
- The District's total revenues were \$5,324,921 for a decrease of 1.8 percent.
- During the fiscal year ending July 31, 2017, the District had total expenses, excluding depreciation, of \$3,485,913 for an increase of 5.3 percent.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and other supplementary information. The basic financial statements include enterprise fund financial statements (government-wide) that provide both long-term and short-term information about the District's overall financial status.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of the statements.

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
July 31, 2017**

<b>Figure A-1</b>	
<b>Major Features of the Assumption Parish Waterworks District No. 1 Financial Statements</b>	
	<b>Financial Statements</b>
	<b>Enterprise Fund Statements (Government-wide)</b>
Scope	Entire government
Required financial statements	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus
Type of assets / liability information	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow / outflow information	All revenues and expenses during year, regardless of when cash is received or paid

**Enterprise Fund Financial Statements (Government-wide)**

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most businesses. 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 District's net position and the change in them. Net position – the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net position are an indicator of whether the District's financial position is improving or deteriorating.

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
July 31, 2017**

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities, and investing activities.

**FINANCIAL ANALYSIS OF THE ASSUMPTION PARISH WATERWORKS DISTRICT NO. 1**

**Net Position.** The District's net position increased between fiscal years 2016 and 2017 to \$20,901,921. (See Table A-1).

<b>Table A-1</b>		
<b>Assumption Parish Waterworks District No. 1 Net Position</b>		
	<b>Business Type Activities</b>	
	<b>2017</b>	<b>2016</b>
Current and Other Assets	\$ 5,880,240	\$ 6,859,073
Capital Assets	20,451,534	18,947,933
Unamortized Debt Issue Costs	-	-
<b>Total Assets</b>	<b>26,331,774</b>	<b>25,807,006</b>
Deferred outflows of resources	179,878	241,631
<b>Total assets and deferred outflows of resources</b>	<b>26,511,652</b>	<b>26,048,637</b>
Accounts Payable and Accrued Expenses	1,534,331	1,374,522
Customer Deposits	316,915	311,450
Revenue Bonds Payable	3,720,000	4,270,000
<b>Total Liabilities</b>	<b>5,571,246</b>	<b>5,955,972</b>
Deferred inflows of resources	38,485	32,140
<b>Total liabilities and deferred inflows of resources</b>	<b>5,609,731</b>	<b>5,988,112</b>
<b>Net Position</b>		
Net Investment in Capital Assets	16,731,533	14,677,933
Restricted for Revenue Bond Debt Service	451,450	440,342
Unrestricted	3,718,938	4,942,250
<b>Total Net Position</b>	<b>\$ 20,901,921</b>	<b>\$ 20,060,525</b>

Net position of the District's business type activities increased 4.2 percent to \$20,901,921.

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
July 31, 2017**

**Changes in net position.** The District's total revenues decreased by 1.8 percent to \$5,324,921. (See Table A-2). This increase is primarily due to the fact that water usage was up.

The cost of the total operating expenses increased by \$260,418 or 6.3 percent, primarily due to increases in payroll, utilities, insurance, and depreciation.

<b>Table A-2</b>		
<b>Changes in Assumption Parish Waterworks District No. 1 Net Position</b>		
	<b>Business Type Activities</b>	
	<b>2017</b>	<b>2016</b>
<b>Operating Revenues</b>		
Water Sales	\$ 4,664,723	\$ 4,518,900
Other Water Service Charge	206,872	228,324
Delinquent Charges	156,029	134,109
Billing & Collection fees	113,777	114,221
<b>Total Operating Revenues</b>	<b>5,141,401</b>	<b>4,995,554</b>
<b>Non Operating Revenues</b>		
Interest	34,231	19,557
Other Income	149,289	410,161
<b>Total Non Operating Revenues</b>	<b>183,520</b>	<b>429,718</b>
<b>Total Revenues</b>	<b>5,324,921</b>	<b>5,425,272</b>
<b>Expenses</b>		
Operating Expenses	4,397,697	4,137,279
Non Operating Expenses ( Interest expense)	85,828	105,728
<b>Total Expenses</b>	<b>4,483,525</b>	<b>4,243,007</b>
<b>Changes - Increase in net position</b>	<b>\$ 841,396</b>	<b>\$ 1,182,265</b>

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
July 31, 2017**

**FINANCIAL ANALYSIS OF THE FUNDS**

As the District completed the year, its enterprise fund reported total assets of \$26,331,774, which is an increase from last year of \$524,768.

**Budgetary Highlights**

The District did not revise its budget for year ending July 31, 2017.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of July 31, 2017, the District had \$20,451,534 net investment in capital assets. (See Table A-3).

<b>Table A-3 Assumption Parish Waterworks District No. 1 Capital Assets (net of depreciation)</b>		
	<b>Business Type Activities</b>	
	<b>2017</b>	<b>2016</b>
Land and Right of Way	\$ 171,071	\$ 171,071
Power Pumping & Purification Structures & Equipment	16,514,583	11,023,744
Transmission & Distribution Mains & Accessories	22,542,784	22,155,670
Transportation, office and other equipment	925,759	886,157
Construction in progress	64,995	3,481,335
Accumulated Depreciation	(19,767,658)	(18,770,044)
<b>Total Net Capital Assets</b>	<b>\$ 20,451,534</b>	<b>\$ 18,947,933</b>

**Debt**

As of July 31, 2017, the District had \$3,720,000 in revenue bonds payable outstanding. The District is meeting all of its fund transfer requirements as set out in the bond resolutions. Additional information about the District's debt is presented in Note F – Long-Term Obligations – in the Notes to Financial Statements.

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
July 31, 2017**

**ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES**

The District gets all of its revenues from water sales and services provided. Revenues from water sales and services provided in fiscal year ended July 2017 stayed consistent with fiscal year ended July 2016. The fiscal year July 2018 budget has revenue from water sales budgeted of approximately \$4,666,000, an increase of approximately \$1,300 over fiscal year ended July 2017 actual sales. The economy is not expected to generate any significant growth.

**CONTACTING THE DISTRICT'S 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. Bernard J. Francis, Jr., General Manager, 4633 LA Hwy 1, P.O. Drawer 575, Napoleonville, Louisiana 70390.

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Exhibit A**

**STATEMENT OF NET POSITION  
July 31, 2017**

**ASSETS**

Cash	\$ 205,079
Investments	4,101,059
Receivables:	
Billed water charges, net of \$26,161 for an allowance for doubtful accounts	357,553
Unbilled water charges	292,817
Other receivables	7,814
Inventory of supplies	112,880
Prepaid expenses	33,814
Restricted assets	
Cash	100,039
Investments	669,185
Capital assets, net	20,451,534
 Total Assets	 <u>26,331,774</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related	<u>179,878</u>
 Total deferred outflows of resources	 <u>\$ 179,878</u>

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

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Exhibit A**

**STATEMENT OF NET POSITION  
July 31, 2017**

**LIABILITIES**

**Liabilities:**

**Current**

Accounts payable	\$ 81,281
Accrued expenses	71,251
Certificates of indebtedness	575,000

**Non Current**

OPEB liability	1,259,340
Net pension liability	122,459
Certificates of indebtedness	3,145,000

**Payable from restricted assets:**

**Current**

Customer's deposits	316,915
---------------------	---------

<b>Total liabilities</b>	<u>5,571,246</u>
--------------------------	------------------

**DEFERRED INFLOWS OF RESOURCES**

Pension related	<u>38,485</u>
-----------------	---------------

<b>Total deferred inflows of resources</b>	<u>38,485</u>
--	---------------

**NET POSITION**

Net investment in capital assets	16,731,533
----------------------------------	------------

Restricted for revenue bond debt service	451,450
---	---------

Unrestricted	<u>3,718,938</u>
--------------	------------------

<b>Total Net Position</b>	<u>\$ 20,901,921</u>
---------------------------	----------------------

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

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Exhibit B**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
July 31, 2017**

**OPERATING REVENUES:**

Revenues from sales and service charges:

Water sales	\$ 4,664,723
Other water service charges	206,872
Delinquent charges	156,029
Solid waste, garbage, and sewerage collection fees	<u>113,777</u>

Total operating revenues 5,141,401

**OPERATING EXPENSES:**

Waterworks system expenses	1,866,910
Office, general and administrative expense	1,533,175
Depreciation	<u>997,612</u>

Total operating expenses 4,397,697

**OPERATING INCOME** 743,704

**NONOPERATING REVENUES (EXPENSES):**

Interest income	34,231
Other income	149,289
Interest expense	<u>(85,828)</u>

Total nonoperating revenues (expenses) 97,692

**CHANGE IN NET POSITION** 841,396

**NET POSITION - BEGINNING** 20,060,525

**NET POSITION - ENDING** \$ 20,901,921

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

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Exhibit C**

**STATEMENT OF CASH FLOWS**

**July 31, 2017**

<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ 5,025,671
Cash Payments to Suppliers for Goods & Services	(2,201,636)
Cash Payments to Employees	(941,699)
Cash Received from Deposits	5,465
<b>Net Cash Provided by Operating Activities</b>	<u>1,887,801</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition and Construction of Capital Assets	(2,501,212)
Principal Paid on Revenue Bonds	(550,000)
Interest paid on Revenue Bonds	(90,863)
Other Non-operating Revenues	149,289
<b>Net Cash Used for Capital and Related Financing Activities</b>	<u>(2,992,786)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest Earned on Investments	34,231
Transfers from Investment Accounts	5,029,482
Transfers to Investment Accounts	(4,121,159)
<b>Net Cash Provided by Investing Activities</b>	<u>942,554</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(162,431)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>467,549</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 305,118</u></u>
<b>Reconciliation of Total Cash</b>	
Cash	205,079
Restricted Cash	100,039
<b>Total Cash</b>	<u><u>\$ 305,118</u></u>
<b>Reconciliation of Income from Operations to Net Cash Provided by Operating Activities</b>	
<b>Income from Operations</b>	<b>\$ 743,704</b>
<b>Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:</b>	
Depreciation	997,612
<b>Change in Operating Assets &amp; Liabilities</b>	
Accounts Receivable	(115,730)
Prepaid Expenses	(127)
Inventory	23,936
Customer Deposits	5,465
Accounts Payable	3,240
OPEB Liability	196,887
Net Pension Liability & Related Deferred Inflows and Outflows	29,568
Other Accrued Expenses	3,246
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 1,887,801</u></u>

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

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

On July 10, 1956, in accordance with the provisions of Chapter 8 of Title 33 of the Louisiana Revised Statutes of 1950, the Police Jury of the Parish of Assumption created the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (hereinafter referred to as the District). The District as created by the Police Jury encompasses the identical area as the Parish of Assumption.

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

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. The following is a summary of the District's significant policies:

Reporting Entity As the governing authority of the parish, for reporting purposes, the Assumption Parish Police Jury is the financial reporting entity for Assumption Parish. The financial reporting entity consists of (a) the primary government (Assumption Parish Police Jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Assumption Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

- Appointing a voting majority of an organization's governing body, and the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the police jury.
- Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
- Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Even though the District is legally separate from the police jury, the Assumption Parish Police Jury appoints a majority of the district's governing body, and the Police Jury has the ability to impose its will on the district. The District also has the potential to provide specific benefits to, or impose specific financial burdens on the police jury. Because of these reasons, the management of the district's office has determined that the District is a component unit of the Assumption Parish Police Jury.

Measurement Focus/Basis of Accounting The enterprise fund statements (government-wide) were prepared using 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 non-exchange transactions are recognized in accordance with the requirements of GASB No. 33, *Accounting and Financial Reporting for Non-exchange transactions*.

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the District are water sales, connections and reconnection fees, late charges, and other miscellaneous operating revenues. Operating expenses for enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents All highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash and cash equivalents for purposes of reporting cash flows.

Inventory The District values its inventory of supplies at the lower of cost or market using the first-in, first-out method.

Capital Assets All capital assets are capitalized in the enterprise fund and stated at historical cost less accumulated depreciation.

Depreciation of all exhaustible capital assets used by the enterprise fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method (see Note C).

Long-Term Liabilities Long-term debt such as revenue bonds payable is reported as liabilities on the statement of net position.

Contributions for Meters Contributions received from customers for new meter services are treated as income. The cost of installing new meter services are expensed in the year incurred.

Vacation and Sick Leave The District's employees earn one to five weeks vacation annually based on number of years of employment. Employees can accumulate a maximum of 40 hours of unused vacation which can be carried forward and taken in subsequent periods. Upon termination, employees are paid for any unused current year and any accumulated vacation hours. Employees are allowed ten days of sick leave annually that may be used for sickness only. The sick leave plan is coupled with a disability insurance policy. No payment is made for sick leave not used upon termination or retirement, therefore, no accrual for sick leave is made.

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 certain reported amounts of assets and liabilities, disclosures, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Equity Classifications *Government-wide Statements:* In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position– Consists of net 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 net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Pension Plans

The District is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 9. For purposes of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for 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. Investment have been reported at fair value within the plan.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The District has one item that qualifies for this category; pension liability, which is reported in the basic financial statement

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) at that time. The District has one item that qualifies for this category; pension liability. The amounts deferred and recognized as an inflow of resources in the period that the amounts become available.

**NOTE B – FLOW OF FUNDS – RESTRICTIONS ON USE**

Under the terms of the Revenue Bonds, Series 2013 (see note F) dated May 23, 2013, the bonds shall be secured by and payable solely from a pledge and dedication of the net revenues of Assumption Parish Waterworks District No. 1 above statutory, necessary and usual charges in each of the fiscal years. The agreement also requires that until the bonds have been paid in full in principal and interest, the District must budget annually a sum of money sufficient to pay the principal and interest on the Certificates.

For the payment of the principal and the interest on the bonds and any additional parity bonds, there is hereby created a special fund known as "Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, Revenue Bond and Interest Sinking" fund being maintained with the designated fiscal agent bank of the Issuer. The District shall deposit in the Sinking Fund monthly on or before the 20<sup>th</sup> day of each month of each year, a sum equal to one-sixth of the interest falling due on the next interest payment date and one twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. Said fiscal agent bank shall transfer from the Sinking Fund to the Paying Agent funds fully sufficient to pay promptly the principal and/or interest so falling due on such date.

On July 17, 1989, the Board of Commissioners of the District created the "Waterworks Utility Revenue Fund – Capital Improvements." Said fund was to receive monies in excess of \$50,000 shown in the annual audit report remaining in the Waterworks Utility Revenue Fund at July 31 of each year after making all required payments into the Sinking, Reserve and

Depreciation and Contingency Funds. The excess shall be considered surplus and shall be deposited in this fund. Said fund is to be used by the District for the purpose of retiring outstanding bonds in advance of their maturities, or any other legal purpose determined by the Board to be in the best interest of the District and not in violation of the 2006 Certificate of Indebtedness issue requirements. On October 25, 2004, a resolution was passed by the Board to increase the reserve in the Waterworks Utility Revenue Fund from \$50,000 to \$150,000. The required transfer to the Waterworks Utility Revenue Fund-Capital Improvements fund for the year ended July 31, 2017 is \$1,315,882.

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE C – CAPITAL ASSETS**

A summary of capital assets at July 31, 2017 follows:

	<b>Life in Years</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>	<b>Straight-line Method Depreciation This Year</b>
Land and rights of way	-	\$ 171,071	\$ -	\$ 171,071	\$ -
Power pumping and purification structures and equipment, including main plant building	15-44	16,514,583	5,951,429	10,563,154	362,544
Transmission and distribution mains and accessories	15-44	22,542,784	13,190,517	9,352,267	584,399
Transportation, office and other equipment	5-15	925,759	652,712	273,047	50,669
Construction in progress: New transmission lines and other projects	-	64,995	-	64,995	-
<b>Totals</b>		<b><u>\$ 40,219,192</u></b>	<b><u>\$ 19,794,658</u></b>	<b><u>\$ 20,424,534</u></b>	<b><u>\$ 997,612</u></b>
		<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>	
Balances at beginning of year		\$ 37,717,977	\$ 18,770,044	\$ 18,947,933	
Additions:					
Land		-	-	-	
Power, pumping and purification		5,490,839	-	5,490,839	
Transmission and distribution mains and accessories		387,114	-	387,114	
Transportation, office and other equipment		39,602	-	39,602	
Construction in progress included during year		2,210,758	-	2,210,758	
Depreciation expense		-	997,612	(997,612)	
Deletions:					
Construction in progress completed during year		(5,627,100)		(5,627,100)	
<b>Balances at end of year</b>		<b><u>\$ 40,219,190</u></b>	<b><u>\$ 19,767,656</u></b>	<b><u>\$ 20,451,534</u></b>	

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE C – CAPITAL ASSETS – Continued**

For the year ended July 31, 2017, depreciation expense was \$997,612.

Interest incurred in the enterprise fund was \$85,828.

**NOTE D – CASH AND CASH EQUIVALENTS**

Cash includes demand deposits and interest-bearing demand deposits. Under state laws, 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 certificated of deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Also, state law requires that 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.

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. At year end, the carrying amount of the District's deposits was \$305,118 and the bank balance was \$616,332. Of the bank balance, \$250,000 was covered by federal depository insurance and \$366,332 was covered by collateral held by the pledging bank's agent in the Bank's name (Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE E - INVESTMENTS**

As of July 31, 2017, the Entity had \$4,770,244 invested in the Louisiana Asset Management Pool, Inc. (LAMP) which is included in the total investments balance. The LAMP portfolio includes only securities and other obligations in which local governments are authorized to invest in accordance with LA-RS 33:2955.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA - R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE E – INVESTMENTS-continued**

• Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**NOTE F – LONG-TERM OBLIGATIONS**

The following is a summary of bond transactions for the year ended July 31, 2017:

	<u>Revenue Bonds</u>
Bonds payable, July 31, 2016	\$ 455,000
Bonds issued	-
Bonds retired	(455,000)
Bonds payable, July 31, 2017	\$ -

Certificates of Indebtedness was paid off during the year ending July 31, 2017.

The following is a summary of bond transactions for the year ended July 31, 2017:

	<u>Revenue Bonds</u>
Bonds payable, July 31, 2016	\$ 3,815,000
Bonds issued	-
Bonds retired	(95,000)
Bonds payable, July 31, 2017	\$ 3,720,000

Bonds payable at July 31, 2017, is comprised of the following individual issues:

\$4,000,000 Revenue Bonds, Series 2013 dated May 23, 2013 due in annual installments of \$90,000 to \$670,000 excluding interest, through November 1, 2022; interest at 2.172%.	\$ 3,720,000
---	--------------

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE F – LONG-TERM OBLIGATIONS-continued**

The annual requirements to amortize all debt outstanding at July 31, 2017, including \$249,562 interest payments, are as follows:

	Principal	Interest
2018	\$ 575,000	\$ 74,554
2019	590,000	61,902
2020	610,000	48,870
2021	630,000	35,404
2022	645,000	21,556
2023	670,000	7,276
	\$ 3,720,000	\$ 249,562

**NOTE G – CONTRIBUTIONS FROM ASSUMPTION PARISH**

On June 10, 1958, the District entered into an agreement with the Parish of Assumption whereby, in order to afford fire protection to the Parish and in order to provide adequate finances for construction of the waterworks system, the Parish agreed to issue \$1,065,000 ad valorem tax bonds to acquire necessary facilities and equipment for fire protection. Of this amount, \$935,000 was pledged to be used for construction of the joint waterworks and fire protection system.

**NOTE H – PENSION AND RETIREMENT PLANS**

The Assumption Parish Waterworks District No. 1 (the Waterworks) is a participating employer in a cost-sharing defined benefit pension plan. This plan is administered by the Parochial Employees' Retirement System of Louisiana (PERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. The system is administered by a separate board of trustees.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These report may be obtained by writing, calling or downloading the reports as follows:

PERS:  
7905 Wrenwood Blvd  
Baton Rouge, Louisiana 70809  
(225) 928-1361  
[www.persla.org](http://www.persla.org)

The Waterworks implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the Waterworks to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE H – PENSION AND RETIREMENT PLANS-continued**

**Plan Descriptions:**

**Parochial Employees' Retirement System of Louisiana (PERS)**

The Parochial Employees' Retirement System of Louisiana (PERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by R.S. 11:1901 of the Louisiana Revised Statute. The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the state which does not have their own retirement system and which elects to become members of the system. For the year ended December 31, 2015, there were 217 contributing municipalities in Plan A and 49 in Plan B. The Assumption Parish Waterworks District No. 1 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 Waterworks 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 A who was hired before January 1, 2007 can retire providing the member meets one of the following criteria:

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

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) years of creditable service

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

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

However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

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

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE H – PENSION AND RETIREMENT PLANS – Continued**

**Plan Descriptions: – Continued**

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 monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes. Any member of Plan A who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes. 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 A or 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 A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and they have at least five years of creditable service, or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State

Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

For Plan B, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007 and have 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 their 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 he member remained in continuous service until his earliest normal retirement age.

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE H – PENSION AND RETIREMENT PLANS – Continued  
Funding Policy**

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended July 31, 2017, for the Waterworks and covered employees were as follows:

	Waterworks	Employees
Parochial Employees' Retirement System Plan B	8.00%	3.00%

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	2017	2016	2015
Parochial Employees' Retirement System Plan B	\$ 74,900	\$ 73,790	\$ 88,353

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The following schedule lists the Waterworks' proportionate share of the Net Pension Liability allocated by each of the pension plans for based on the December 31, 2016 measurement date. The Waterworks uses this measurement to record its Net Pension Liability and associated amounts as of July 31, 2017 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at December 31, 2016 along with the change compared to the December 31, 2015 rate. The Waterworks' proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE H – PENSION AND RETIREMENT PLANS – Continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued**

	Net Pension Liability at December 31, 2016	Rate at December 31, 2016	Increase (Decrease) on December 31, 2015 Rate
Parochial Employees' Retirement System Plan B	\$ 122,659	0.942666	0.038462%

The following schedule lists each pension plan's recognized pension expense of the Waterworks for the year ended July 31, 2017:

	Total
Parochial Employees' Retirement System Plan B	\$ 104,375

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 34,954
Changes of assumptions	14,606	-
Net difference between projected and actual earnings on pension plan investments	122,259	2,818
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	713
Employer contributions subsequent to the measurement date	43,013	-
Total	<u>\$ 179,878</u>	<u>\$ 38,486</u>

5

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Parochial Employees' Retirement System Plan B	\$ 179,878	\$ 38,486

The Waterworks reported a total of \$43,013 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of December 31, 2016 which will be recognized as a reduction in Net Pension Liability in the year ended July 31, 2017. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE H – PENSION AND RETIREMENT PLANS – Continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued**

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	PERS
2017	32,688
2018	40,614
2019	28,426
2020	(3,348)
2021	-
	\$98,380

**Actuarial Assumptions**

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

	PERS
<b>Valuation Date</b>	December 31, 2016
<b>Actuarial Cost Method</b>	Entry Age Normal Cost
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining Service Lives</b>	4 years
<b>Investment Rate of Return</b>	7.00%
<b>Inflation Rate</b>	2.50%
<b>Salary Increases</b>	5.25% (2.75% Inflation, 2.50% Merit)
<b>Cost of Living Adjustments</b>	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.

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

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE H – PENSION AND RETIREMENT PLANS – Continued**

back five years for males and three years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back four years for males and three years for females used.

**Actuarial Assumptions-Continued**

The following schedule lists the methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

**PERS**

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom up) and an equity building block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting long-term rate of return is 7.66% for the year ended December 31, 2065.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of December 31, 2016:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
	PERS	PERS
Public equity	-	-
Equity	52.0%	3.63%
Public fixed income	-	-
Fixed Income	35.0%	1.24%
Alternatives	11.0%	0.67%
Other	2.0%	0.12%
Totals	100.0%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE H-PENSION AND RETIREMENT PLANS – Continued**

**Discount Rate**

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability was 7.00 for the year ended December 31, 2016.

**Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the Waterworks’ proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the Waterworks’ proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	1.0% Decrease	Current Discount Rate	1.0% Increase
<u>PERS</u>			
Rates	6.00%	7.00%	8.00%
Assumption Parish Waterworks District No. 1’s Share of NPL	\$ 465,558	\$ 122,459	\$ (167,164)

**Payables to the Pension Plan**

The Waterworks recorded accrued liabilities to each of the Retirement Systems for the year ended July 31, 2017 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to each for the retirement systems at July 31, 2017 is as follows:

	July 31, 2017	July 31, 2016
PERS	\$ 10,628	\$ 6,932

**NOTE I – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the costs occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended July 31, 2010, the District began to recognize the cost of postemployment healthcare in the year when employees services are received, to report the accumulated liability from prior years, and to provide information useful in assessing potential demands on the District’s future cash flows. Because the District adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

*Plan Description.* Assumption Parish Waterworks’ medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement providing they have at least 20 years of service.

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE I – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - Continued**

Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 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.

Eligibility for Waterworks employees is as follows: age 55 and 30 years of service; age 60 and 10 years of service; or age 65 and 7 years of service.

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

*Fund Policy.* Until fiscal year ending July 31, 2009, Assumption Parish Waterworks recognized the cost of providing post employment medical benefits (Assumption Parish Waterworks' portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post employment benefits on a pay-as-you-go basis. In 2017 and 2015, the Waterworks' portion of health care funding cost for retired employees totaled \$30,577 and \$28,312, respectively.

Effective with the fiscal year beginning August 1, 2009, Assumption Parish Waterworks implemented Government Accounting Standards Board Codification Section P50, Accounting and Financial Reporting by Employers for Post employment Other than Pensions (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

*Annual Required Contributions.* Assumption Parish Waterworks' Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post employment benefits. The actuarially computed ARC is as follows:

	2016/2017	2015/2016
Normal Cost	119,194	114,610
30-year UAL amortization amount	129,660	124,673
Annual required contribution (ARC)	248,854	239,283

*Net Post Employment Benefit Obligations (Asset).* The table below shows Assumption Parish Waterworks' Net Other Post Employment Benefit (OPEB) Obligation for fiscal year ending July 31, 2017:

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE I – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - Continued**

	2016/2017	2015/2016
Beginning Net OPEB Obligation	1,062,454	869,246
Annual required contribution	248,854	239,283
Interest on Net OPEB Obligation	42,497	34,770
ARC Adjustment	-61,442	-59,269
OPEB Cost	229,909	223,784
Contribution	0	0
Current year retiree premium	-33,021	-30,577
Change in Net OPEB Obligation	196,886	193,207
Ending Net OPEB Obligation	1,259,340	1,062,454

The following table shows Assumption Parish Waterworks' annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for last year and this year:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability(Asset)
July 31, 2017	\$229,909	14.36%	\$1,259,340
July 31, 2016	\$223,784	13.66%	\$1,062,454

*Funded Status and Funding Progress.* In 2017 and 2016, Assumption Parish Waterworks made no contributions to its post employment benefits plan. The plan was not funded, has no assets, and hence has a funded ratio of zero. Based on August 1, 2015 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year July 31, 2017 was \$2,331,740, which is defined as that portion, as determined by a particular actuarial cost method (Assumption Parish Waterworks uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	2016/2017	2015/2016
Actuarial Accrued Liability (AAL)	2,331,740	2,242,058
Actuarial Value of Plan Assets	0	0
Unfunded Act. Accrued Liability (UAAL)	2,331,740	2,242,058
Funded Ratio (Act. Val. Assets/AAL)	0%	0%
Covered Payroll (Active plan members)	936,538	934,131
UAAL as a percentage of covered payroll	248.97%	240.02%

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**July 31, 2017**

**NOTE I – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS – Continued**

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

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by Assumption Parish Waterworks and its employee plan members) at the time of the valuation and on the pattern of sharing costs between Assumption Parish Waterworks and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Assumption Parish Waterworks and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

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

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

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

*Post employment Benefit Plan Eligibility Requirements.* Based on past experience, the retirement (D.R.O.P. entry) schedule and the graded employer contribution percentage based on service, it has been assumed that entitlement to benefits will commence upon the end of the D.R.O.P. participation period, which has been assumed to be at the later of age 60 and completion of 20 years of service. Medical benefits are provided to employees upon actual retirement.

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

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE I – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - Continued**

*Health Care Cost Trend Rate.* The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out and later.

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

*Method of Determining Value of Benefits.* The “value of benefits” has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays a percentage of the cost of the medical insurance for retirees and dependents based on service at retirement, as follows: 20 to 29 years, 50%; and, 30 or more years, 75%. The rates provided applicable before age 65 are “blended” rates. Since GASB 45 mandates that “unblended” rates be used, we have estimated the “unblended” rates for retired before Medicare eligibility to be 130% of the blended rate and 80% of the blended rate after Medicare eligibility.

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

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

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

**NOTE J - DEFERRED COMPENSATION PLAN**

Employees of the District may participate in the deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by the Public Employees Benefit Services Corporation (PEBSCO), an independent entity. All assets of the plan are reported at fair market value and are administered by an independent entity. As part of its fiduciary role, the District has an obligation of due care in selecting the third party administrator.

The deferred compensation plan laws and related plan provisions were amended so that the plan assets are no longer subject to the claims of the police jury creditors. The plan assets belong only to the employees and are held in trust for the employees' exclusive benefit. Therefore, GASB Statement 32 no longer requires the assets of the plan to be reported in the combined balance sheet as a fiduciary fund. This disclosure is being made for informational purposes only.

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE J - DEFERRED COMPENSATION PLAN – Continued**

The following is a summary of activity in the fund for the year ended July 31, 2017:

Assets balance at August 1, 2016	\$	248,898
Deferrals of compensation		3,461
Earnings		39,457
Withdrawals		-
Asset fees and others		(1,840)
Asset balance at July 31, 2017	\$	<u>289,976</u>

**NOTE K - ADDITIONAL BILLING AND COLLECTION**

The District has entered into formal contracts with the Assumption Parish Police Jury, the Village of Napoleonville and the St. Martin, Back Marais, Aysenne, RDG Developers, Worldwide Environmental Solutions, Ridgeway Waste and Cypress Village whereby the District, as an agent, bills and collects for solid wastes services rendered by the Police Jury and the Village and the sewerage services rendered by the Village and the sewerage districts. The Police Jury, the Village of Napoleonville and St. Martin, Back Marais, Aysenne, RDG Developers, Worldwide Environmental Solutions, Ridgeway Waste and Cypress Village pay 5% of collections of charges to its residents.

**NOTE L - SELF INSURANCE HEALTH PROGRAM**

The District participates in a self-insurance health program for employees of the District and the Assumption Parish Police Jury. A third party administrator processes the claims and maintains records of the allowable costs, deductible costs, etc., with the activity of this program being reported in the District's Waterworks System expenses. The District and Police Jury share these expenses in proportion with the respective number of employees covered. Under the program, the District and Police Jury maintain a Specific Stop Loss policy which pays all claims exceeding \$60,000 per year per person and is unlimited. Before claims are paid by the carrier, an aggregating specific deductible of \$60,000 is to be paid by the insured. They also maintain an aggregate stop loss policy which will reimburse the program for period ended August 31, 2017.

**NOTE M - SUPPLEMENTAL CASH FLOWS DISCLOSURE**

During the year ended July 31, 2017, the enterprise fund paid \$80,793 in interest on certificates of indebtedness outstanding. No amounts were paid for income taxes as the District is a component unit of the Assumption Parish Police Jury and governmental agencies are exempt from Federal and Louisiana income taxes.

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
July 31, 2017**

**NOTE N - LITIGATION**

At July 31, 2017, there is pending litigation against the District. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims, will not materially affect the financial position of the District.

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Exhibit D**

**SCHEDULE OF THE ASSUMPTION PARISH WATERWORKS' PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JULY 31, 2017 (\*)**

	<u>2017</u>	<u>2016</u>
	<u>PERS (Plan B)</u>	<u>PERS (Plan B)</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.9427%	0.9042%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 122,459	\$ 160,989
Employer's Covered-Employee Payroll	\$ 936,756	\$ 918,971
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	13.0727%	17.5184%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.8906%	99.8906%

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

(\*) The amounts presented have a measurement date of December 31, 2016.

The Retirement System reported in this schedule are as follows:  
PERS (Plan B) = Parochial Employees' Retirement System of Louisiana

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Exhibit E**

**SCHEDULE OF THE ASSUMPTION PARISH WATERWORKS' CONTRIBUTIONS  
FOR THE YEAR ENDED JULY 31, 2017**

	<b>2017</b>	<b>2016</b>
	<b>PERS (Plan B)</b>	<b>PERS (Plan B)</b>
Contractually Required Contribution <sup>1</sup>	\$ 74,901	\$ 77,139
Contributions in Relation to Contractually Required Contribution <sup>2</sup>	74,901	77,139
Contribution Deficiency (Excess)	\$ -	\$ -
Employer's Covered Employee Payroll <sup>3</sup>	\$ 936,256	\$ 806,578
Contribution as a % of Covered Employee Payroll	8.00%	9.56%

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

***For reference only:***

<sup>1</sup> *Employer contribution rate multiplied by employer's covered employee payroll*

<sup>2</sup> *Actual employer contributions remitted to PERS*

<sup>3</sup> *Employer's covered employee payroll amount for the fiscal year ended July 31, 2017*

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Exhibit F**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JULY 31, 2017**

**Changes of Benefit Terms include:**

Parochial Employee's Retirement System  
No Changes

**Changes of Assumptions:**

Parochial Employee's Retirement System  
No Changes

**OTHER SUPPLEMENTARY INFORMATION**

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Schedule 1**

**SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED JULY 31, 2017**

**General Manager: Bernard Francis, Jr.**

<u>Purpose</u>	<u>Amount</u>
<b>Amounts paid directly to the General Manager</b>	
Salary	\$ 89,934
Benefits - insurance	9,774
Benefits - retirement	7,195
Benefits-other	979
Car allowance	-
Vehicle provided by government	-
Per Diem	-
Travel	-
Reimbursements	-
Registration Fees	-
Conference Travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
<b>TOTAL</b>	<b><u>\$ 107,882</u></b>

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Schedule 2**

**OPERATING EXPENSES – WATERWORKS SYSTEM  
Year Ended July 31, 2017**

**Waterworks System Expenses:**

**Purification and plant expenses:**

Salaries, plant personnel	\$ 344,198
Payroll Taxes	24,922
Chemicals and purification supplies	270,759
Disability insurance	4,130
Maintenance and repairs of plant	88,464
Other purification expenses	73,541
Other expenses	504
Retirement plan	56,837
OPEB	71,964
Travel and education	702
Utilities	201,552
Telemetry	58,681
Supplies and expenses, meter readers	13,990
Communication expenses	1,858
Professional Services	32,921

**Total purification and plant expenses** 1,245,023

**Distribution, operation and maintenance expenses:**

Salaries	311,983
Payroll Taxes	22,069
Disability insurance	3,524
Repairs and maintenance	60,374
OPEB	65,228
Retirement plan	24,735
Service materials	42,724
Transportation expenses	28,652
Travel and education	231
Utilities	33,495
Water user fee	28,485
Other expenses	387

**Total distribution, operation and maintenance expenses** 621,887

**Total waterworks system expenses** \$ 1,866,910

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Schedule 2**

**OPERATING EXPENSES – WATERWORKS SYSTEM - CONTINUED  
Year Ended July 31, 2017**

Office, general and administrative expenses:	
Salaries	\$ 285,519
Stationary and office supplies	79,775
Collection expenses	5,775
Communication expense	7,972
Payroll taxes	20,129
Group insurance	609,674
Insurance	213,185
Substance Abuse Testing	248
Rent of Police Jury, equity in system	360
Professional services, legal and accounting	42,781
Professional services, engineering	18,063
Transportation expense	873
Travel and education expenses	2,604
Per diem paid to board member	7,080
Retirement plan	22,803
OPEB	59,695
Other expenses	1,789
Uncollectible accounts	21,130
Uniform reimbursements	9,942
Unemployment compensation insurance	580
Maintenance & Repairs	34,284
Dues and Fees	7,202
Deposit Delivery Charge	4,500
Bank charges	3,809
Contract Janitorial	13,620
Fire departments	59,783
	<hr/>
Total office, general and administrative expenses	<u>\$ 1,533,175</u>

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Schedule 3**

**ENTERPRISE FUND – WATERWORKS SYSTEM  
SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR REVENUE BOND DEBT SERVICE  
Year Ended July 31, 2017**

	Waterworks Utility Revenue Bond and Interest Sinking Fund -2013 <hr style="border-top: 1px solid black;"/>
Cash and investments at beginning of year	\$ 96,157
Increase in cash and investments:	
2013 Bond	-
Transfers from other accounts	536,314
Interest earned	2,058
Other	-
	<hr style="border-top: 1px solid black;"/>
Total cash available	634,529
Decrease in cash and investments	
Principal payment	95,000
Interest payments	81,830
Other payments	-
Transfers to other accounts	1,702
	<hr style="border-top: 1px solid black;"/>
Total decreases	<hr style="border-top: 1px solid black;"/> 178,532
Cash and Investments at end of year	<hr style="border-top: 1px solid black;"/> <u>\$ 455,997</u>

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Schedule 4**

**METERED WATER CUSTOMERS**

**July 31, 2017**

**(Unaudited)**

At July 31, 2017, the District had 9,833 metered customers as set forth in the District's internal reports.

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Schedule 5**

**BOARD OF COMMISSIONERS – PER DIEM  
Year Ended July 31, 2017**

<u>Board Members</u>	<u>Number of Meetings</u>	<u>Per Diem</u>
Bryan Dugas	11	\$ 660
Vincent Nelson	12	720
Scott Sternfels	10	600
Calvin Stewart	12	720
Keith Sheffie	11	660
Jamie Boudreaux	10	600
Glen Comeaux	11	660
Paul Lewis	10	600
Charles Brown, Jr.	11	660
Jeremy Pipsair	8	480
Wayne Arboneaux	12	720
		<u>\$ 7,080</u>

**OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING  
STANDARDS***

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Schedule 6**

**SCHEDULE OF FINDINGS & RESPONSES  
For the Year Ended July 31, 2017**

**A. Summary of Audit Results**

- The auditor's report expresses an unmodified opinion on the basic financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana.
- No significant deficiencies in internal control were disclosed during the audit of the basic financial statements that was required to be reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
- The results of our tests disclosed no instances of noncompliance material to the basic financial statements which were required to be reported in the Report on Internal Compliance and on Compliance and Other Matters over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*.

**B. Findings- Financial Statement Audit**

- None

**C. Findings-Compliance**

- None

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**Schedule 7**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended July 31, 2017**

**INTERNAL CONTROL FINDINGS**

No internal control findings were noted in the audit for the year ended July 31, 2016.

**COMPLIANCE FINDINGS**

**2016-001 PLEDGED SECURITIES**

*Condition:* State law requires that deposits 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 be equal to the amount on deposit with the fiscal agent. At year end, the amounts of the Waterworks' bank balances were \$1,198,164. Of the bank balances, \$250,000 was covered by federal depository insurance, and \$879,139 was covered by collateral held by the pledging bank's agent in the bank's name. As of July 31, 2016, the cash balances were under secured by \$69,025.

*Current Status:* This finding has been resolved.

# Waguespack, Gallagher & Barbera LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Michael J. Waguespack, CPA, PC

Timothy J. Gallagher, CPA, PC

Tia T. Barbera, CPA, PC

---

Sarah M. Gallagher, CPA

Elaine T. Waguespack, CPA

## **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  
Assumption Parish Waterworks District No. 1  
Napoleonville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards, applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities and the major fund of the Assumption Parish Waterworks District No. 1 (the District), a component unit of Assumption Parish Police Jury, as of and for the year ended July 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 30, 2018.

### 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 opinions 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 the 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of the 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.

*Wagnerspack, Gallagher, & Barbera, LLC*

Napoleonville, Louisiana  
January 30, 2018

# Waguespack, Gallagher & Barbera, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Michael J. Waguespack, CPA, PC

Timothy J. Gallagher, CPA, PC

Tia T. Barbera, CPA, PC

---

Sarah M. Gallagher, CPA

Elaine T. Waguespack, CPA

January 30, 2018

To the General Manager and  
Board of Commissioners  
Waterworks District No. 1 of the Parish of Assumption,  
State of Louisiana

In planning and performing our audit of the financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana as of and for the year ended July 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana's internal control over financial reporting (internal control) as a basis for designing auditing 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 Waterworks District No. 1 of the Parish of Assumption, State of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated January 30, 2018, on the financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana.

## MLP – 2017-001 Accounts Receivable

*Condition:* The District's does not have a cut off policy regarding industrial customers, therefore an industrial customer's account went delinquent, and management was not aware. Upon being notified of this, management immediately contacted the customer and the bill was paid.

*Recommendation:* Management will institute a policy to closely monitor all accounts, including industrial accounts.

We will review the status of these comments during our next audit engagement. We have already discussed this comment and suggestion with General Manager Bernard Francis, Jr, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within the District, and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

*Waglespack, Gallagher & Barbera, LLC*  
Waglespack, Gallagher, & Barbera, LLC

**WATERWORKS DISTRICT NO. 1 OF THE  
PARISH OF ASSUMPTION,  
STATE OF LOUISIANA  
Napoleonville, Louisiana**

**Report on Agreed-Upon Procedures**

**Year ended July 31, 2017**

# Waguespack, Gallagher & Barbera, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Michael J. Waguespack, CPA, PC

Timothy J. Gallagher, CPA, PC

Tia T. Barbera, CPA, PC

---

Sarah M. Gallagher, CPA

Elaine T. Waguespack, CPA

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Waterworks District No. 1 of the Parish of Assumption, State of Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Assumption Parish Waterworks District No. 1 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 fiscal period August 1, 2016 through July 31, 2017. The Waterworks' 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 as follows:

***Written Policies and Procedures***

---

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

*Written policies and procedures were obtained and address the functions noted above*

- 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.

*Written policies and procedures were obtained and address the functions noted above, with the exception of how vendors are added to the vendor list.*

*Management's Response: Management will revise the policies and procedures to reflect the policy of adding vendors to the list.*

---

4749 Highway 308  
P.O. Box 250  
Napoleonville, LA 70390  
Phone (985) 369-2515  
Fax (985) 369-2535

132 Rue Colette Suite B  
Thibodaux, LA 70301  
Phone (985) 448-2149  
Fax (225) 208-1620

- c) **Disbursements**, including processing, reviewing, and approving  
*Written policies and procedures were obtained and address the functions noted above*
- d) **Receipts**, including receiving, recording, and preparing deposits  
*Written policies and procedures were obtained and address the functions noted above*
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.  
*Written policies and procedures were obtained and address the functions noted above*
- 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  
*Written policies and procedures were obtained and address the functions noted above*
- 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, and (5) monitoring card usage  
*Written policies and procedures were obtained and address the functions noted above*
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers  
*Written policies and procedures were obtained and address the functions noted above*
- 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. Note: Ethics requirements are not applicable to nonprofits.  
*Written policies and procedures were obtained and address the functions noted above*
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.  
*Written policies and procedures were obtained and address the functions noted above with the exception of EMMA reporting requirements.*  
*Management's Response: Management will revise the policies and procedures manual to reflect EMMA reporting requirements.*

***Board (or Finance Committee, if applicable)***

---

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*Reviewed board meeting minutes and verified that the board met monthly during the fiscal year.*

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

*Reviewed board meeting minutes and noted that Lucille presents the financial report as a percentage of budgeted figures on a monthly basis at meetings.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*Reviewed board meeting minutes and noted that various contracts were approved by the board for upcoming projects during the year.*

### ***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*Obtained listing of client bank accounts from management and management's representation that the listing is complete*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Obtained bank statements and reconciliations for all months in the fiscal period for all selected accounts noting that reconciliations have been prepared for all months*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Bank reconciliations examined did not all have evidence of management review for all twelve months.*

*Management's response: Procedures have been implemented subsequent to year end to ensure all reconciliations have evidence that the review was performed.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Obtained bank statements and reconciliations for all months in the fiscal period, noting that management does not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.*

*Management's response: Documentation will be obtained that research was performed for the reconciling items that have been outstanding for more than 6 months.*

### ***Collections***

---

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*Obtained listing of cash collection locations and management's representation that listing is complete.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:*

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*Collections are performed by collection clerks in the APWW office. Employees that collect cash are not bonded. Employees that collect cash are not responsible for depositing cash in the bank, recording the deposit, or reconciling the bank account. Each day, employees are responsible for their own cash drawer.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*The entity has a formal process to reconcile cash collections to the subsidiary ledger, by revenue source, by a person who is not responsible for cash collections.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*We selected the highest week of collections from the bank statements, and traced daily collections to the general ledger to determine that deposits were made within one day of collection*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*Daily system reports and reconciling ledgers supported the cash collections*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*The entity has a formal process specifically designed to determine completeness of all collections, including electronic transfers for each revenue source by a person who is not responsible for collections.*

#### ***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

---

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*Obtained listing of disbursements and management's representation that listing is complete*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*Performed procedure above noting that purchase order system that was referred to in the policy and procedures manual was not consistently used in the purchasing function. Approved invoices were present for each transaction and matched associated payment.*

*Management's response: Management will become diligent in using the purchase order system described in the policy and procedures manual.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*Performed procedure above noting that purchase order system that was referred to in the policy and procedures manual was not consistently used in the purchasing function. Approved invoices were present for each transaction and matched associated payment.*

*Management's response: Management will become diligent in using the purchase order system described in the policy and procedures manual.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*Performed procedure above noting that purchase order system that was referred to in the policy and procedures manual was not consistently used in the purchasing function. Approved invoices were present for each transaction and matched associated payment.*

*Management's response: Management will become diligent in using the purchase order system described in the policy and procedures manual.*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*The person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system.*

*Management's response: The general manager and board have overall responsibility for reviewing all transactions prior to signing checks for purchases/disbursements in efforts to mitigate risk associated with the limited number of employees involved with these transactions. Management feels that this is the most cost-efficient process for the entity with the limited number of resources available.*

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*The person who initiates and records transactions does have signatory authority.*

*Management's response: The employee who initiates and records transactions will be removed as a signatory from the account.*

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority,

and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*The supply of unused checks is maintained in a locked safe. The safe can be accessed by employees with signatory authority.*

*Management's response: The safe is accessible by the accounting clerk, who will be removed as a signor on the checking account. It is also accessible by the general manager and his assistant. While the general manager has signatory authority, all checks are dual signature checks, in efforts to mitigate the risk associated with the limited number of employees involved with these transactions.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*No signature stamp is used.*

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

---

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

*Obtained listing of active credit cards and the names of the persons who maintained possession of the cards and management's representation that the list is complete.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*On the month tested, no evidence was available to support that the supporting documentation was reviewed and approved, in writing, by someone other than the authorized cardholder.*

*Management's response: The statement and supporting documentation will be signed/initialed for approval by someone other than the cardholder.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*No finance charges and/or late fees were assessed on the selected statement*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

*Reviewed transactions to find that all transactions were supported by an original receipt. One receipt did not have an itemized description of items purchased.*

*Management's response: Each transaction will be accompanied by an itemized original receipt.*

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*Documentation of business/public purpose was provided for transactions. There was one meal receipt which did not contain an itemized listing of items purchased, but did contain documentation of individuals participating.*

*Management's response: Each transaction will be accompanied by an itemized original receipt.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*No exceptions noted*

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*None of the transactions that were tested reflected noncompliance with the entity's written policies, nor were there any transactions tested subject to the Louisiana Public Bid Law.*

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the

requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No evidence of noncompliance noted in the transactions tested.*

### ***Travel and Expense Reimbursement***

---

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*Obtained listing of all travel and related expense reimbursements, by person, and management's representation that the listing is complete.*

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*No exceptions noted*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*For each of the transactions tested, the disbursement was supported by a mileage log, but that mileage log did not include a beginning and ending odometer reading as required by the entity's policies and procedure manual.*

*Management's response: A new mileage log is now being used and employees will not be reimbursed if beginning and ending odometer reading is not included on mileage log.*

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*Since all items tested were mileage reimbursements, this procedure could not be tested.*

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*No exceptions noted.*

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*No exceptions noted.*

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions noted.*

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions noted.*

## ***Contracts***

---

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*Obtained listing of contracts in effect and management's representation that listing was complete.*

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*Formal/written contracts were obtained that supports the services arrangements. No exceptions noted*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

*Not applicable*

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*Each contract selected was not subject to the Louisiana Public Bid Law or Procurement Code and quotes were not solicited.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*The contracts selected were not amended during the current fiscal period.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*Payments made on each contract were made within the terms and conditions of the contract.*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*Not applicable*

### ***Payroll and Personnel***

---

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

*Obtained listing of employees with their related salaries and management's representation that listing was complete.*

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*No exceptions noted*

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*Changes made to hourly pay rates/salaries during the fiscal period were approved in writing and in accordance with written policy.*

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*All employees tested had documentation of daily attendance and leave.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*There was written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*The entity maintained written leave records reflecting the hours earned, hours used and the balance available at fiscal year end without exception.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*Management provided representation that the list of terminated employees during the fiscal year is complete. The two largest termination payments were tested and it was noted that the payments were made in strict accordance with policy and approved by management.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines. *No exceptions noted.*

### ***Ethics (excluding nonprofits)***

---

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*The entity maintained documentation demonstrating that required ethics training was completed.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Management asserted that they have received no allegations during the fiscal period.*

***Debt Service (excluding nonprofits)***

---

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*No debt was issued during the fiscal period.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*Obtained supporting documentation that the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*Not Applicable*

***Other***

---

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management asserted that the entity did not have any misappropriations of public funds or assets.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The entity has posted on its premises, but not on its website, the notice required by R.S. 24:523.1.*

*Management's response: Management will post the notice required by R.S. 24:523.1 on its website.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*No exception noted*

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 LLA as a public document.

*Wagnerspeck, Gallagher, & Barbera, LLC*

Napoleonville, Louisiana

January 30, 2018