

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

Financial Statements

Year Ended May 31, 2017

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Waterworks District No. 5 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended May 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 District'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 District'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 the basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the business-type activities of the District as of May 31, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United State of America require that schedules for employer's share of net pension liability and employer pension contributions 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 schedule of employer's share of net pension liability on page 26, schedule of employer contributions on page 27, or note to retirement system schedules on page 28 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
November 28, 2017

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

Statement of Net Position
May 31, 2017

ASSETS

Current assets	
Cash	\$ 154,826
Investments, at fair value	1,591,285
Receivables	
Ad valorem taxes	3,601
Other	1,551
Prepaid expenses	<u>39,825</u>
Total current assets	<u>1,791,088</u>
Non-current assets	
Restricted assets	
Meter Deposit Fund:	
Cash	25,709
Investments, at fair value	104,382
Sinking Fund for Public Improvement Bonds:	
Cash	156,319
Capital Additions and Contingencies Fund:	
Investments, at fair value	<u>1,337,683</u>
Total restricted assets	<u>1,624,093</u>
Capital assets	
Capital assets not being depreciated	37,578
Other capital assets, net of accumulated depreciation	<u>4,002,661</u>
Total non-current assets	<u>4,040,239</u>
Total assets	<u>7,455,420</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred amount on refunding (bonds payable)	21,765
Deferred outflows related to net pension liability	<u>60,154</u>
Total deferred outflows of resources	<u>81,919</u>
Total assets and deferred outflows of resources	<u>\$ 7,537,339</u>

(continued)

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

Statement of Net Position (continued)
May 31, 2017

LIABILITIES

Current liabilities	
Payable from current assets	
Accrued expense	<u>\$ 30,602</u>
Payable from restricted assets	
Bonds payable within one year	135,000
Interest payable	4,550
Water meter deposits	<u>130,091</u>
Total payable from restricted assets	<u>269,641</u>
Total current liabilities	300,243
Long-term liabilities	
Bonds payable (net of current portion of bonds payable)	290,000
Net pension liability	<u>43,048</u>
Total long-term liabilities	<u>333,048</u>
Total liabilities	<u>633,291</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to net pension liability	<u>12,289</u>
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NET POSITION

Net investment in capital assets	3,615,239
Restricted	1,489,452
Unrestricted	<u>1,787,068</u>
Total net position	<u>6,891,759</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 7,537,339</u>

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

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

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

Operating revenues	
Charges for services:	
Water sales	\$ 805,659
Service fees	25,492
Late payment fees	12,711
Collection fees	11,282
Miscellaneous	<u>4,823</u>
Total operating revenues	<u>859,967</u>
Operating expenses	
Personnel services and related benefits	520,775
Supplies and materials	143,344
Other services and charges	188,248
Depreciation	<u>274,794</u>
Total operating expenses	<u>1,127,161</u>
Operating loss	<u>(267,194)</u>
Non-operating revenues (expenses)	
Ad valorem taxes	
Maintenance	397,246
Debt retirement	122,683
State revenue sharing	10,508
Investment income	18,601
Miscellaneous income	298
Bond interest	<u>(27,326)</u>
Total non-operating revenues (expenses)	<u>522,010</u>
Income before transfers	254,816
Transfers in	150,000
Transfers out	<u>(1,698,837)</u>
Change in net position	(1,294,021)
Net position, beginning of year	<u>8,185,780</u>
Net position, end of year	<u>\$ 6,891,759</u>

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

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

Statement of Cash Flows
Year Ended May 31, 2017

Cash flows from operating activities	
Receipts from customers and users	\$ 1,060,513
Payments to suppliers for goods and services	(337,753)
Payments to employees for services	<u>(512,470)</u>
Net cash provided by operating activities	<u>210,290</u>
Cash flows from noncapital financing activities	
Ad-valorem taxes	519,929
State revenue sharing	10,508
Miscellaneous income	298
Payments to other entities	<u>(1,548,837)</u>
Net cash used by noncapital financing activities	<u>(1,018,102)</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(35,402)
Interest received on restricted funds	7,257
Principal paid on long-term debt	(135,000)
Interest paid on long-term debt	<u>(24,248)</u>
Net cash flows used by capital and related financing activities	<u>(187,393)</u>
Cash flows from investing activities	
Purchase of investments	(1,004,945)
Interest earned on operating funds	<u>11,344</u>
Net cash used by investing activities	<u>(993,601)</u>
Net decrease in cash and cash equivalents	(1,988,806)
Cash and cash equivalents, beginning of year	<u>2,325,660</u>
Cash and cash equivalents, end of year	<u>\$ 336,854</u>

(continued)

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

Statement of Cash Flows (continued)
Year Ended May 31, 2017

Reconciliation of cash and cash equivalents per the statement
of cash flows to the balance sheet:

Beginning of year:

Unrestricted	\$ 1,392,589
Restricted - meter deposit	28,780
Restricted - sinking fund	196,552
Restricted - capital additions	<u>707,739</u>
	<u>2,325,660</u>

End of year:

Unrestricted	154,826
Restricted - meter deposit	25,709
Restricted - sinking fund	<u>156,319</u>
	<u>\$ 336,854</u>

Reconciliation of operating loss to net cash provided
by operating activities

Operating loss	<u>\$ (267,194)</u>
Adjustments to reconcile loss from operations to net cash provided by operating activities:	
Depreciation expense	274,794
Pension expense, net of nonemployer contributions	8,269
Decrease in accounts receivable	207,859
Decrease in accounts payable	(6,161)
Decrease in accrued expenses	(4,787)
Decrease in customer water meter deposits	<u>(2,490)</u>
Total adjustments	<u>477,484</u>
Net cash provided by operating activities	<u>\$ 210,290</u>

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

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

Notes to the Financial Statements

INTRODUCTION

Waterworks District No. 5 of the Parish of St. Mary (“Waterworks District”) was created by Ordinance No. 595 of the St. Mary Parish Police Jury (predecessor to the St. Mary Parish Council), on September 5, 1954, for the purpose of establishing, acquiring, constructing, maintaining and operating a waterworks system for the benefit of the people of the Waterworks District. The Waterworks District is governed by a board of seven members. These board members are appointed by the St. Mary Parish Council. The board meets each month on the third Monday at the Waterworks District office. The members receive a per diem of \$60 for each meeting attended. At May 31, 2017, there were approximately 2,007 customers receiving service.

(1) Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Reporting Entity

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

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

C. Fund Accounting

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

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

Notes to the Financial Statements (continued)

D. Basis of Accounting

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

Revenues

Water sales and service and collection fees are recorded when earned. Ad valorem and state revenue sharing taxes are recorded in the year the taxes are due and payable. Interest income is recorded when earned. All other revenues are recorded when received.

Expenses

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

E. Cash, Cash Equivalents and Investments

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

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

F. Interest Receivable

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

G. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond May 31, 2017, are recorded as prepaid expenses. At May 31, 2017, prepaid expenses were recorded as \$39,825.

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

Notes to the Financial Statements (continued)

H. Restricted Assets

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. The "sinking fund for public improvement bonds" account is used to report resources set aside and restricted for payment of future bond installments and related interest. The "capital additions and contingency fund" account is used to report funds set aside and restricted for use in major capital additions and repairs to the waterworks system.

When fund resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first.

I. Waterworks System, Plant and Equipment

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

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

J. Capitalization of Interest Costs

Interest costs incurred by the District during the construction of an asset for its own use are subject to capitalization based on the guidelines established by GASB Codification Section 1400.120 – .137 (Capitalization of Interest Costs). There was no capitalized interest recorded in the financial statements for the year ended May 31, 2017.

K. Deferred Outflows of Resources

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its statement of net position. A deferred outflow of resources reported in this year's financial statements is a deferred amount arising from the advance refunding of bonds. This deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. The District also reports deferred outflows of resources related to its net pension liability. These amounts are being amortized over a period of five years.

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

Notes to the Financial Statements (continued)

L. Compensated Absences

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

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

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

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

At May 31, 2017, earned vacation leave totaling \$17,309 has been accrued in the financial statements.

M. Deferred Inflows of Resources

The District’s statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The District will not recognize the related revenues until a future event occurs. The District reports deferred inflows of resources related to its net pension liability. These amounts are being amortized over a period of five years.

N. Net Position

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

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

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

Notes to the Financial Statements (continued)

O. Accounting Estimates

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

P. Risk Management

The District is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption, errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance is purchased for claims arising from such matters. There were no significant changes in coverage, retentions, or limits during the year ended May 31, 2017. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(2) Cash and Cash Equivalents

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At May 31, 2017, the District has cash and interest-bearing deposits (book balances) totaling \$336,854 as follows:

Demand deposits	\$ 1,223
Interest-bearing demand deposits	<u>335,631</u>
	<u>\$ 336,854</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At May 31, 2017, deposit balances (bank balances) totaling \$335,447 are fully secured by federal deposit insurance.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution the District's deposits may not be recovered or the District will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At May 31, 2017, the District's deposits were not exposed to custodial credit risk.

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

Notes to the Financial Statements (continued)

(3) Investments

Investments held at May 31, 2017 consist of \$3,033,350 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments 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 LSA-R.S. 33:2955.

GASB Statements No. 40, *Deposit and Investment Risk Disclosure*, requires the disclosure of credit risk, custodial credit risk, concentration of credit 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 investments 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 with the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

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 WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 37 days (from LAMP's monthly statement of net assets) as of May 31, 2017.

Foreign currency risk – not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

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

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

Notes to the Financial Statements (continued)

Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of December 31, 2016. GASB Statement No. 72, Fair Value Measurements and Application, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The District measures its investments using fair value guidelines established by GASB 72, which recognizes a three-tiered fair value hierarchy as follows:

- Level 1 – quoted prices for identical investments in active markets
- Level 2 – observable inputs other than quoted prices
- Level 3 – unobservable inputs

The District's investments in LAMP are measured using observable inputs other than quoted market prices (Level 2 inputs). The investments in LAMP are valued using quoted market prices of the underlying investment of LAMP on a weekly basis and the value of the position in the external pool is the same as the net asset value of the pool shares.

(4) Receivables

The District records water sales revenue in the month the services are rendered. At May 31, 2017, no accounts receivable was recorded on the District's books.

(5) Ad Valorem Taxes

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31. The taxes are delinquent on January 1, at which time an enforceable lien attaches to the property. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. The District receives the majority of its taxes in January and February. The tax rate charged for the 2016 tax year was 4.60 mills per \$1,000 for maintenance and operations and 1.42 mills per \$1,000 for bond and interest payments. Total taxes collected during the year ended May 31, 2017 was \$519,929.

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

Notes to the Financial Statements (continued)

(6) Changes in Capital Assets

The following is a summary of changes in capital assets:

	Balance June 1, 2016	Additions	Deductions	Balance May 31, 2017
Capital assets not being depreciated				
Land	\$ 16,500	\$ -	\$ -	\$ 16,500
Construction in progress	34,697	11,087	24,706	21,078
Capital assets being depreciated				
Water plant, lines and meters	10,372,525	49,021	-	10,421,546
Office building	206,396	-	-	206,396
Furniture and equipment	172,016	-	-	172,016
Trucks	58,602	-	-	58,602
Sub-Total	10,860,736	60,108	24,706	10,896,138
Less accumulated depreciation	<u>(6,581,105)</u>	<u>(274,794)</u>	<u>-</u>	<u>(6,855,899)</u>
Total	<u>\$ 4,279,631</u>	<u>\$(214,686)</u>	<u>\$ 24,706</u>	<u>\$ 4,040,239</u>

Depreciation expense charged to operations for the year ended May 31, 2017, is \$274,794.

(7) Long-Term Debt

The following is a summary of the District's long-term debt transactions for the year ended May 31, 2017:

	6/1/2016	Additions	Payments	5/31/2017	Due Within One Year
Public Improvement Refunding Bonds	<u>\$ 560,000</u>	<u>\$ -</u>	<u>\$(135,000)</u>	<u>\$425,000</u>	<u>\$ 135,000</u>

Bonds payable at May 31, 2017 are comprised of the following individual issues:

\$1,305,000 Public Improvement Refunding Bonds, dated July 6, 2006, with a final maturity date of March 1, 2020, bearing interest at 4.33% per annum	\$ 425,000
Less: deferred amount on refunding	<u>(21,765)</u>
Net Public Improvement Refunding Bonds	<u>\$ 403,235</u>

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

Notes to the Financial Statements (continued)

The bonds were incurred for the purpose of advance refunding \$1,220,000 of outstanding Public Improvement Bonds, Dated March 1, 2000, maturing March 1, 2012 through March 1, 2020. The net proceeds of \$1,286,698 (after payment of \$18,302 in issuance costs) plus an additional \$17,008 of cash provided by the District was used to advance refund a portion of the Series 2000 bonds.

The bonds are secured by a special tax to be imposed on all property subject to taxation within the territorial limits of the District, sufficient in amount to pay the principal and interest as they severally mature.

The following is a schedule of future debt service requirements at May 31, 2017:

Year Ending May 31	Public Improvement Bonds		Total debt service
	Principal	Interest	
2018	\$ 135,000	\$ 18,402	\$ 153,402
2019	140,000	12,558	152,558
2020	150,000	6,496	156,496
	<u>\$ 425,000</u>	<u>\$ 37,456</u>	<u>\$ 462,456</u>

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds and minimum revenue bond coverage. The District is substantially in compliance with all such significant limitations and restrictions.

(8) Meter Deposits

Funds totaling \$130,091 representing customer meter deposits have been set aside and are shown as restricted assets in the statement of net position.

(9) Pension Plan

Parochial Employees' Retirement System of Louisiana (PERS) is the administrator of a cost sharing multiple employer defined benefit pension plan. PERS was established and provided for by R.S. Title 11:1901 of the Louisiana Revised Statutes (LRS). Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised PERS to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. PERS 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 PERS.

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

Notes to the Financial Statements (continued)

Retirement Benefits

Any member of Plan B hired prior to January 1, 2007 can retire providing he/she meets one of the following criteria: age 55 with thirty (30) years of creditable service; age 60 with a minimum of ten (10) years of creditable service; age 65 with a minimum of seven (7) years of creditable service. For employees hired after January 1, 2007, he/she must meet the following criteria to retire: age 55 with 30 years of service; age 62 with 10 years of service; age 67 with 7 years of service. Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Survivor Benefits

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55. A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

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

Notes to the Financial Statements (continued)

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

Cost of Living Adjustments

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

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2016, the actuarially determined contribution rate was 7.20% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2016 was 8.00% for Plan B.

Non-employer Contributions

According to state statute, PERS also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

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

Notes to the Financial Statements (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At May 31, 2017, the District reported liabilities in its financial statements of \$43,048 for its proportionate share of the net pension liabilities of PERS. The net pension liabilities were measured as of December 31, 2016 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the District's proportional share of PERS was 0.331375%, which was a decrease of 0.045927% from its proportion measured as of December 31, 2015.

For the year ended May 31, 2017, the District recognized a net pension expense of \$40,298 in its activities.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 12,287
Changes of assumptions	5,134	-
Net difference between projected and actual earnings on pension plan investments	42,978	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	461	2
Employer contributions subsequent to the measurement date	<u>11,581</u>	<u>-</u>
	<u>\$ 60,154</u>	<u>\$ 12,289</u>

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

Notes to the Financial Statements (continued)

The \$11,581 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended May 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2017	\$ 12,110
2018	14,971
2019	10,435
2020	(1,232)
	\$ 36,284

Actuarial Assumptions

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

	Parochial Employees' Retirement System of Louisiana Plan B
Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%, net of investment expense, including inflation
Projected Salary Increases	5.25% (2.50% Inflation, 2.75% Merit)
Mortality Rates	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

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

Notes to the Financial Statements (continued)

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 Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

The discount rate used to measure the total pension liability was 7.00% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, PERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

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

	Changes in Discount Rate		
	2016		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	<u>\$ 163,658</u>	<u>\$ 43,048</u>	<u>\$ (58,763)</u>

Changes in Net Pension Liability

The changes in the net pension liability for the year ended December 31, 2016 were recognized in the current reporting period as pension expense except as follows:

- a. Differences between Expected and Actual Experience – Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$12,287 for the year ended May 31, 2017.

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

Notes to the Financial Statements (continued)

- b. Differences between Projected and Actual Investment Earnings – Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$42,978 for the year ended May 31, 2017.
- c. Change in Proportion – Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense/(benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion resulted in a deferred outflow of \$461 for the year ended May 31, 2017.
- d. Change of Assumptions – The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The change of assumptions resulted in a deferred outflow of \$5,134 for the year ended May 31, 2017.

(10) Major Customers

During the year the District had two major customers, each of whose purchases exceeded 10% of total sales. Sales to these customers were as follows:

Cabot Corporation	\$ 241,635
Columbian Chemicals Corporation	<u>163,673</u>
Total	<u>\$ 405,308</u>

(11) Compensation Paid to Board Members

A schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Louisiana Revised Statute 33:3819 provides for each board member to receive a per diem not to exceed \$60 for each meeting attended not to exceed 24 meetings each year and for each special meeting not to exceed 12 per year. The District pays per diem of \$60 per meeting.

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

Notes to the Financial Statements (continued)

<u>Board Member</u>	<u>Meetings Attended</u>	<u>Amount</u>
H. Glenn Blood	10	\$ -
Leonard Klutts	10	600
Wendell Bogan	10	600
Donald Hahn, Sr	10	600
H.A. Pinho, Sr	10	600
Garland Romero	9	540
Phelo Keller	10	600
Total	<u>69</u>	<u>\$ 3,540</u>

(12) Compensation and Payments to Chief Officer

Act 706 of the 2014 Legislative Session amended R.S. 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. For the year ended May 31, 2017, the District's chief officer, Glenn Blood, received no compensation, reimbursements, benefits, or other payments.

(13) Intergovernmental / Cooperative Endeavor Agreements

St. Mary Parish Sewerage District No. 5 and St. Mary Parish Fire Protection District No. 2

In July 2001, the District entered into a cooperative endeavor agreement with St. Mary Parish Sewerage District No. 5 and St. Mary Parish Fire Protection District No. 2 for the planning, construction, use and maintenance of a multi-purpose building. The multi-purpose building was completed during 2004 and is co-owned by each District in equal proportions.

Utility consumption by the District and St. Mary Parish Sewerage District No. 5 is shared in equal proportions and is separately metered from the consumption by St. Mary Fire Protection District No. 2. Housekeeping and maintenance expenses are the responsibility of the respective Districts based upon the District's occupancy portion of the building as a whole. Expenses for landscaping, maintenance of the grounds, and exterior maintenance of the multi-purpose building are shared equally by the Districts.

St. Mary Parish Government

In September 2002, the District entered into a cooperative endeavor with the St. Mary Parish Government whereby the District will bill and collect mosquito abatement fees in the amount of \$2 per month per water service customer on behalf of the Parish Government and remit all sums collected to the Parish Government. At May 31, 2017, the District has remitted all collections for mosquito abatement service charges due to the Parish Government.

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

Notes to the Financial Statements (continued)

In August 2006, the District entered into an intergovernmental agreement with the St. Mary Parish Government whereby the District agreed to collect on behalf of the Parish Government a monthly service charge in the amount of \$15 from each residence within the territorial limits of the District from which solid waste is collected and remit to the Parish Government, on a monthly basis, all solid waste service charges collected, less a collection fee. At May 31, 2017, the District has remitted collections for solid waste service charges due to the Parish Government.

(14) District Consolidation

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of Employer's Share of Net Pension Liability
Year Ended May 31, 2017

Year Ended Dec 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.377302%	\$ 67,177	\$ 372,900	18.01%	93.48%
2016	0.331375%	43,048	358,201	12.02%	95.50%

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

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

Schedule of Employer Contributions
Year Ended May 31, 2017

Year Ended May 31	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	\$ 30,052	\$ 30,052	\$ -	\$ 358,201	8.39%
2017	26,409	26,409	-	348,532	7.58%

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

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

Note to Retirement System Schedules
Year Ended May 31, 2017

Parochial Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms for the year ended May 31, 2017.

Changes of assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITORS' 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
Waterworks District No. 5 of the Parish of St. Mary
Centerville, 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 of Waterworks District No. 5 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended May 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 November 28, 2017.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
November 28, 2017

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

Schedule of Audit Results and Findings
Year Ended May 31, 2017

Part I Summary of Auditors' Results

- i. An unmodified opinion has been issued on the District's financial statements as of and for the year ended May 31, 2017.
- ii. There were no deficiencies in internal control over financial reporting noted during the audit of the financial statements that would be considered material weaknesses.
- iii. There were no material instances of noncompliance noted during the audit of the financial statements.
- iv. A management letter was not issued.

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards*

There are no findings reported under this section.

Part III Findings and Questioned Costs Relating to Federal Programs

The District did not meet the requirements to have a single audit in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); therefore, this section is not applicable.

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

Summary Schedule of Prior Audit Findings
Year Ended May 31, 2017

A. Internal Control –

There were no findings previously reported under this section.

B. Compliance –

There were no findings previously reported under this section.

C. Uniform Guidance –

There were no findings previously reported under this section.

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

Corrective Action Plan for Current Audit Findings
Year Ended May 31, 2017

There were no items reported requiring corrective actions.