

**CAMERON PARISH GRAVITY DRAINAGE DISTRICT #9
HACKBERRY, LOUISIANA**

FINANCIAL STATEMENTS

DECEMBER 31, 2017

CAMERON PARISH DRAINAGE DISTRICT #9
Hackberry, Louisiana

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Commissioners
Cameron Parish Gravity Drainage District No. 9
Hackberry, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and each major fund of the Cameron Parish Gravity Drainage District No. 9, a component unit of the Cameron Parish Policy Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

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

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Known Departure from Accounting Principles Generally Accepted in the United States of America

Management has not included the value of all drainage infrastructure in the financial statements in accordance with GASB Statement No. 34. The cost of the drainage and sewer lines should be capitalized

and depreciated over their useful lives and reported in the governmental or business-type activities column of the government-wide financial statements. Management has not determined the amount by which this departure would affect the assets and expenditures of the government activities.

Required Supplementary Information

Management has omitted the management's discussion and analysis and the budgetary comparison information 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.

Other Information

The accompanying schedule of compensation, benefits and other payments to agency head, political subdivision head, or chief executive officer is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the representation of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, Louisiana
June 25, 2018

CAMERON PARISH GRAVITY DRAINAGE DISTRICT NO. 9
Hackberry, Louisiana

Governmental Funds Balance Sheet/Statement of Net Position

December 31, 2017

	General Fund	Adjustments (Note F)	Statement of Net Position
ASSETS			
Cash and Cash Equivalents	\$ 505,527	\$ -	\$ 505,527
Ad valorem Taxes Receivable, net	77,077	-	77,077
Capital Assets, (net of accumulated depreciation)	-	132,301	132,301
Total Assets	582,604	132,301	714,905
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
LIABILITIES			
Current:			
Accounts Payable and Other Accrued Liabilities	7,947	1,236	9,183
Total Liabilities	7,947	1,236	9,183
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
FUND BALANCES			
Unassigned	574,657	(574,657)	-
Total Fund Balances	574,657	(574,657)	-
Total Liabilities and Fund Balances	\$ 582,604		
NET POSITION			
Net Investment in Capital Assets		132,301	132,301
Unrestricted - Unreserved		573,421	573,421
Total Net Position		\$ 705,722	\$ 705,722

CAMERON PARISH GRAVITY DRAINAGE DISTRICT NO. 9
Hackberry, Louisiana

**Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances/
Statement of Activities**

For the Year Ended December 31, 2017

	General Fund	Adjustments (Note F)	Statement of Activities
EXPENDITURES/EXPENSES			
Governmental Activities:			
Drainage Work:			
Current:			
Advertising	\$ 449	\$ -	\$ 449
Contract Labor	8,400	-	8,400
Drainage Costs	44,277	-	44,277
Equipment Repair	4,032	-	4,032
Insurance	100	-	100
Office Expenses	647	-	647
Payroll and Related Expenses	63,694	1,236	64,930
Per Diem	7,500	-	7,500
Professional and Legal	3,575	-	3,575
Small Tools and Equipment	695	-	695
Supplies	6,316	-	6,316
Utilities	49	-	49
Vehicle Expenses	7,410	-	7,410
Capital Outlay	92,398	(92,398)	-
Depreciation	-	10,352	10,352
Total Expenditures/Expenses	239,542	(80,810)	158,732
GENERAL REVENUES			
Ad valorem Taxes	240,158	-	240,158
Interest Income	92	-	92
Total General Revenues	240,250	-	240,250
NET CHANGE IN FUND BALANCE \ NET POSITION	708	\$ <u>80,810</u>	81,518
FUND BALANCE \ NET POSITION			
Beginning of Year	573,949		624,204
End of Year	\$ 574,657		\$ 705,722

Cameron Parish Gravity Drainage District No. 9
Hackberry, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cameron Parish Gravity Drainage District No. 9 was created by the Cameron Parish Police Jury. The District is governed by a board of commissioners, composed of five members, and is authorized to construct, maintain and improve the system of gravity drainage in the District.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Cameron Parish Gravity Drainage District No. 9 is considered a component unit of the Cameron Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

The following is a summary of the more significant accounting policies.

NOTE A – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Cameron Parish Gravity Drainage District No. 9. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Financial statements are provided for the governmental funds. The individual governmental fund is reported as a separate column in the fund financial statements.

NOTE B - MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual

Cameron Parish Gravity Drainage District No. 9
Hackberry, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

NOTE B - MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Cameron Parish Gravity Drainage District No. 9 reports the General Fund as its only governmental fund. The General Fund is the general operating fund of the District and accounts for all financial resources of the entity.

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

NOTE C - DEPOSITS AND INVESTMENTS

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Cameron Parish Gravity Drainage District No. 9's investment policy allow the entity to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

NOTE D - CAPITAL ASSETS

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and fixtures	5 - 7 years
Vehicles	5 years
Equipment	5 - 10 years
Building	40 years

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

NOTE E – ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE F – RECONCILIATIONS OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District's operations.

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revises Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January through the tax sale of the ensuing year.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and the Statement of Net Position (Statement A) are as follows:

Cameron Parish Gravity Drainage District No. 9
Hackberry, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

NOTE F – RECONCILIATIONS OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Statement B

Net Change in Fund Balance - total \$ 708

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:

Expenditures for Capital Assets	92,398
Current Year Depreciation	<u>(10,352)</u>

Compensated absences not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year.

(1,236)

Change in Net Position of Governmental Funds \$ 81,518

Statement A

Fund Balance	574,657
Reporting of Capital Assets (Net of Accumulated Depreciation)	132,301
Reporting of Accrued Compensated Absences	<u>(1,236)</u>
Net Position	\$ <u>705,722</u>

NOTE G – AD VALOREM TAXES

For the year ended December 31, 2017, taxes of 4.44 mills were levied on property with assessed valuations totaling \$55,696,254 and are dedicated to the operations of the District. The total taxes levied were \$236,578.12.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November of the current year, and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

Cameron Parish Gravity Drainage District No. 9
Hackberry, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

NOTE G – AD VALOREM TAXES (continued)

The following are the principal taxpayers for the parish and their 2017 assessed valuation (amounts expressed in thousands):

	<u>Assessed Valuation</u>
Chenier Creole Trail Pipeline	\$ 20,867,150
Transcontinental Gas Pipeline	17,272,350
Natural Gas Pipeline	11,203,860
Citgo Petroleum Company	10,133,170
Kinder Morgan Louisiana Pipeline, LLC	9,399,150
Northstar Offshore Group, LLC	8,074,449
Hilcorp Energy Company	7,829,922
Bechtel Equipment Operations, Inc.	5,729,837
Surf Subsea, Inc.	4,900,500
Gulfport Energy Corporation	4,714,079
	\$ 100,124,467

NOTE H – COMPENSATED ABSENCES

As a component unit of the Cameron Parish Police Jury, the District’s compensated absences policy is as follows:

Each full-time employee shall be entitled to annual leave with pay and shall accrue leave from date of employment in the following manner:

One Year.....	One week
Two - Five Years.....	Two weeks
Five - Ten Years.....	Three weeks
Ten - Twenty Years.....	Four weeks
Twenty - Plus Years.....	Five weeks

Vacation pay is provided to employees as a mere gratuity and is not considered wages. Effective January 1, 2011, no employee may accumulate annual leave in whole or in part. Annual leave not used during the calendar year in which it is granted is lost. Regular holidays and/or normal non-working days occurring during a leave period shall not be considered as annual leave.

Sick Leave shall be credited to permanent full-time employees at the rate of one (1) day sick leave per month of continuous employment for the first year, and one and one-half (1-1/2) days sick leave per month of continuous employment after three (3) years.

Sick leave days cannot be used in conjunction with annual leave, and in no instance shall an employee be paid for any accumulated sick leave left to an employee’s credit at the time of termination from service.

At December 31, 2017, the District accrued \$1,235.52 for compensated absences.

Cameron Parish Gravity Drainage District No. 9
Hackberry, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

NOTE I – EQUITY CLASSIFICATION

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets, net of related debt – 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, net of related debt”.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as restricted, assigned and unassigned.

- a. Restricted fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on generally outside actions.
- b. Assigned fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on internal (Board) actions.
- c. Unassigned fund balance – Includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

2. CASH AND CASH EQUIVALENTS

At December 31, 2017, the District has cash and cash equivalents (book balances) totaling \$ 505,527 in demand accounts. 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 equal the amount with the fiscal agent at all times. 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 December 31, 2017, the District had \$ 505,527 in deposits (bank balance). These deposits are secured by \$250,000 of federal deposit insurance and \$ 255,527 pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 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 on demand.

Cameron Parish Gravity Drainage District No. 9
Hackberry, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

3. RECEIVABLES

The District's receivables consist of \$ 77,077 in ad valorem taxes at December 31, 2017. Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, no allowance for doubtful accounts has been established for ad valorem taxes.

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2017 is as follows:

	Balance January 1,	Additions	Deletions	Balance December 31,
Capital Assets being depreciated				
Equipment	\$ 26,090	\$ 55,936	\$ -	\$ 82,026
Building	35,895	-	-	35,895
Vehicles	-	36,462	-	36,462
Construction in Progress	-	-	-	-
Less Accumulated Depreciation	(11,730)	(10,352)	-	(22,082)
Net Capital Assets	\$ 50,255	\$ 82,046	\$ -	\$ 132,301

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The District did not reduce insurance coverage during 2017.

6. PER DIEM SCHEDULE

Board members receive \$100 for attendance of each board meeting in lieu of mileage reimbursement. A schedule of compensation paid board members for the year ended December 31, 2017 is as follows:

Board Member	Amount
Will Aucoin	\$ 1,600
Jared Desormeaux	1,100
Wesley Hardin	1,800
Gordon Gremillion	1,500
Bobby Stansel	1,500
	\$ 7,500

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

7. RETIREMENT COMMITMENTS

The District participates in a state-administered cost-sharing multiple-employer retirement systems, which covers the District's full-time employee. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contributions requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. Additional disclosures with respect to the District's participation in these systems are provided below.

Parochial Employees' Retirement System

The System is composed of two district plans, Plan A and Plan B with separate assets and benefit provisions. Employees of the District are members of Plan A. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least twenty-eight hours per week, not participating in another public funded retirement system and under age fifty-five (55) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the system. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited services, at or after age 55 with 25 years of credited service, or at any age with 30 or more years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensation multiplied by the employee's years of credited service.

Final compensation is the employee's monthly earnings during the 36 consecutive or jointed months that produce the highest average. The System also provides death and disability benefits. Benefits are established by the state statute.

The Parochial Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898.

Plan members are required to contribute 9.5% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 12.5% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the System's Board of Trustees. The District's contributions to the System for the year ended December 31, 2017 totaled \$4,951.

8. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description. The District's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

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

Cameron Parish Gravity Drainage District No. 9
Hackberry, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

8. POSTEMPLOYMENT HEALTHCARE PLAN (continued)

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

Fund Policy. Until 2015, the District recognized the cost of providing post-employment medical benefits (Hackberry Drainage's portion of the retiree medical benefit premiums) as an expense when the benefit premiums, were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 the District's portion of health care funding cost for retired employees totaled \$0.

Effective January 1, 2015, The District implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution. The District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017	2016
Normal Cost	\$ 1,838	\$ 1,767
30-year UAL amortization amount	1,330	1,279
Annual required contribution (ARC)	\$ 3,168	\$ 3,046

Net Post-employment Benefit Obligation (Asset). The table below shows the District's Net Other Post-employment Benefit (OPEB) obligation for the fiscal years ending December 31:

	2017	2016
Beginning Net OPEB Obligation	\$ 5,923	\$ 2,929
Annual Required Contribution	3,168	3,046
Interest on Net OPEB Obligation	237	117
ARC Adjustment	(343)	(169)
OPEB Cost	3,062	2,994
Contribution	-	-
Current Year Retiree Premium	-	-
Change in Net OPEB Obligation	3,062	2,994
Ending Net OPEB Obligation	\$ 8,985	\$ 5,923

Cameron Parish Gravity Drainage District No. 9
Hackberry, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

8. POSTEMPLOYMENT HEALTHCARE PLAN (continued)

The following table shows the District's annual other post-employment benefits (OPEB) cost, percentage of the cost contributed, and the net unfunded other post-employment benefits (OPEB) liability for last year and this year.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
December 31, 2017	\$ 3,062	0.00%	\$ 8,985
December 31, 2016	\$ 2,994	0.00%	\$ 5,923

Funded Status and Funding Process. In 2017, the District 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 the January 1, 2015 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year ended December 31, 2017 was \$23,934 which is defined as that portion, as determined by a particular actuarial cost method the District uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expense which is not provided by normal cost.

	<u>2017</u>	<u>2016</u>
Actuarial Accrued Liability (AAL)	\$ 23,934	\$ 23,013
Actuarial Value of Plan Assets	-	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 23,934</u>	<u>\$ 23,013</u>
Funded Ratio (Act. Val. Assets/AAL)	0.00%	0.00%
Coverd Payroll (active plan members)	\$ 53,476	\$ 48,994
UAAL as a percentage of covered payroll	44.76%	46.97%

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 assumptions); and (6) the period to which the cost 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 the District and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the District 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 the District 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.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

8. POSTEMPLOYMENT HEALTHCARE PLAN (continued)

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

Actuarial Value of Plan Assets. There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided as provided in paragraph number 125 of GASB 45.

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 of approximately 5%.

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

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate. Because the employer provided medical cost of retirees is limited to a flat \$150 per month, we have assumed a flat 3% annual "trend" as the expected rate of increase in medical cost, including general inflation (see section below on "Inflation Rate". Conventional medical trend factors have not been used.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

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

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

Cameron Parish Gravity Drainage District No. 9
Hackberry, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

8. POSTEMPLOYMENT HEALTHCARE PLAN (continued)

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.

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	FY 2015	FY 2016	FY 2017
OPEB Cost	\$ 2,929	\$ 2,994	\$ 3,062
Contribution	-	-	-
Retiree Premium	-	-	-
Total Contribution and Premium	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net OPEB Obligation	<u>\$ 2,929</u>	<u>\$ 2,994</u>	<u>\$ 3,062</u>
% of Contribution to Cost	0.00%	0.00%	0.00%
% of Contribution Plus Premium to Cost	0.00%	0.00%	0.00%

9. SUBSEQUENT EVENTS

Subsequent events were evaluated through June 29, 2018, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Cameron Parish Gravity Drainage District No. 9
Hackberry, Louisiana

Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer

Year Ended December 31, 2017

Agency Head Name: Wesley Hardin, Board President

Purpose	Amount
Salary	-
Benefits - Insurance	-
Benefits - Retirement	-
Benefits - Other	-
Car Allowance	-
Vehicle Provided by Government	-
Per Diem	\$ 1,800
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Continuing Professional Education Fees	-
Housing	-
Unvouchered Expenses	-
Special Meals	-

*REQUIREMENTS OF THE
LOUISIANA GOVERNMENTAL AUDIT GUIDE*

McMullen and Mancuso
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Sulphur, Louisiana 70663

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**Independent Accountants' Report
on Applying Agreed-Upon Procedures**

Board of Commissioners
Cameron Parish Gravity Drainage District No. 9
Hackberry, LA

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the Cameron Parish Gravity Drainage District No. 9, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Cameron Parish Gravity Drainage District No. 9's compliance with certain laws and regulations during the year ended December 31, 2017, included in the accompanying *Louisiana Attestation Questionnaire*. Management of the District is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed 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 the 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.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2296 (the public bid law).

One (1) expenditure made during the year for a vehicle exceeding \$30,000 was not made in accordance with the public bid law.

Code of Ethics for Public Officials and Public Employees

2. Obtain from the District a list of the immediate family members of the District as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of the District and employees, as well as their immediate families.

Management provided us with the required list.

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

Management provided us with the required list.

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

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

Budgeting

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

We obtained a copy of the legally adopted budget.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the budget to the December minutes.

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

We compared the revenues and expenditures of the final budget to the actual revenues and expenditures. It was noted that total actual revenues were within five percent (5%) of budgeted revenues. It was noted that total actual expenditures were within five percent (5%) of total budgeted expenditures.

Accounting and Reporting

8. Randomly select six (6) disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee; (b) determine if payments were properly coded to the correct fund and general ledger account; (c) determine whether payments received approval from proper authorities.

We examined supporting documentation for each of the six selected disbursements and found that payments were for the proper amounts, made to the correct payee, properly coded to the correct funds and general ledger accounts, obtained appropriate approval, and all six (6) checks had proper supporting documentation or invoice for the amount and payee.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:11 through 42:28 (the open meetings law).

Obtained and examined evidence indicating the agendas for meetings were posted as required by the open meetings law.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

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

Prior Comments and Recommendations

Not applicable.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Cameron Parish Gravity Drainage District No. 9 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, Louisiana
June 25, 2018

Cameron Parish Gravity Drainage District No. 9
Hackberry, Louisiana

Summary Schedule of Findings
December 31, 2017

Findings reported in accordance with Government Audit Standards

2017-1 Compliance with Public Bid Law

CRITERIA: State Law (R.S. 38:2211-2296) requires that expenditures for material and supplies exceeding \$30,000 be made in accordance with the public bid law.

CONDITION: The District purchased a vehicle with a value of more than \$30,000 and did not advertise in the local journal and let for contract with the lowest bidder.

CAUSE: The District did obtain at least three quotations for the vehicle and select the lowest quotation, but did not advertise and let for contract due to oversight.

EFFECT: The District was not in compliance with the public bid law in the purchase of a vehicle.

RECOMMENDATION: All subsequent expenditures for material and supplies exceeding \$30,000 must be made in accordance with the public bid law.

CURRENT STATUS: Unresolved.

Cameron Parish Gravity Drainage District No. 9
Hackett, Louisiana

MANAGEMENT'S CORRECTIVE ACTION PLAN

Year Ended December 31, 2017

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>2017-1</u>	2017	The District was not in compliance with the public bid law with the purchase of a vehicle.	Yes	While the District did obtain three quotations for the vehicle, they did not advertise in the local journal. All subsequent expenditures exceeding \$30,000 will be advertised and let for contract with the lowest bidder.	Wesley Hardin	12/31/2018

This schedule has been prepared by management.

CAMERON PARISH GRAVITY DRAINAGE DISTRICT NO. 9

HACKBERRY, LOUISIANA

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

June 14, 2018

McMullen and Mancuso, CPAs, LLC
3600 Maplewood Drive
Sulphur, LA 70663

In connection with your review of our financial statements as of December 31, 2017 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 14, 2018.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No [x]

Code of Ethics for Public Officials and Public Employees

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

Yes [x] No []

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

Yes [x] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [x] No []

Accounting and Reporting

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

Yes [x] No []

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

Yes [x] No []

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

Yes [x] No []

Meetings

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

Yes [x] No []

Debt

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

Yes [x] No []

Advances and Bonuses

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

Yes [x] No []

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

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Wesley Hardin Board President June 14 2018 Date