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

Centerville, Louisiana

Financial Statements

Year Ended May 31, 2026

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ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of the Waterworks District No. 5 of the Parish of St. Mary (hereinafter "District"), as of and for the year ended May 31, 2026, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of employer's share of net pension liability/asset, schedule of employer pension contributions, and the notes to the retirement system schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
October 21, 2026

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

Statement of Net Position
May 31, 2026

ASSETS	
Current assets:	
Cash	$ 11,548
Noncurrent assets:	
Capital assets	
Capital assets not being depreciated	16,500
Other capital assets, net of accumulated depreciation	1,925,169
Net pension asset	64,827
Total noncurrent assets	2,006,496
Total assets	2,018,044
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to net pension liability	16,084
LIABILITIES	
Current liabilities:	
Accrued expenses	11,871
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to net pension liability	44,491
NET POSITION	
Net investment in capital assets	1,941,669
Unrestricted	36,097
Total net position	$ 1,977,766

See accountant's compilation report.

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

Statement of Revenues, Expenses, and Change in Net Position
Year Ended May 31, 2026

Operating expenses:	
Personnel services and related benefits	$ 146,239
Depreciation	196,141
Total operating expenses	342,380
Operating loss	(342,380)
Noncapital subsidies	
Intergovernmental revenue	105,410
Operating income (loss) and noncapital subsidies	(236,970)
Other nonoperating revenues:	
Investment income	25
Increase (decrease) in net position	(236,945)
Net position, beginning	2,214,711
Net position, ending	$ 1,977,766

See accountant's compilation report.

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

Statement of Cash Flows
Year Ended May 31, 2026

Cash flows from operating activities:	
Payments to employees for services	$ (149,653)
Cash flows from noncapital financing activities:	
Receipts from other entities	105,410
Cash flows from investing activities:	
Interest earned on operating funds	25
Net decrease in cash and cash equivalents	(44,217)
Cash and cash equivalents, beginning	55,765
Cash and cash equivalents, ending	$ 11,548

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

Operating loss	$ (342,380)
Adjustments to reconcile loss from operations to net cash used by operating activities:	
Depreciation expense	196,141
Pension expense, net of nonemployer contributions	4,431
Change in accrued expenses	(7,845)
Net cash used by operating activities	$ (149,653)

See accountant's compilation report.

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

Notes to the Financial Statements

INTRODUCTION

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

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

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

(1) Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Reporting Entity

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

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

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 fund is at least 10 percent of the corresponding total for all funds. The Enterprise Fund of the District is considered to be a major fund.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. In accordance with GASBS No. 103, *Financial Reporting*, the District defines nonoperating revenues and expenses as those arising from subsidies, disposal of capital assets and inventory, investments, and those related to financing. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

Revenues

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

Expenses

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

E. Cash

Cash 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.

F. Interest Receivable

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

G. Waterworks System, Plant and Equipment

Capital assets, which include property, plant and equipment, of the District are included in the statement of net position of the fund. Capital assets used in the proprietary fund type operations are capitalized at historical costs or estimated cost if historical cost is not available. 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 capital assets used by proprietary fund type operations is charged as an expense against operations. Capital assets on the statement of net position are net of accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets as follows:

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

H. Deferred Outflows of Resources

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

I. Compensated Absences

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

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

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

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

In accordance with GASBS No. 101, liabilities for compensated absences are estimated based on hours remaining and pay rates in effect at the balance sheet date. At May 31, 2026, earned vacation and sick leave totaling $7,576 and $0, respectively, have been accrued in the financial statements. As of May 31, 2026, the liability decreased by $5,066, net.

J. Deferred Inflows of Resources

The District's statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets 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.

K. Net Position

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

a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first.

L. Pensions

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

M. Accounting Estimates

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

N. Risk Management

The District is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption, errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance is purchased for claims arising from such matters. There were no significant changes in coverage, retentions, or limits during the year ended May 31, 2026. 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, 2026, the District has cash and interest-bearing deposits (book balances) totaling $11,548 as follows:

Petty cash	$ 1,223
Interest-bearing demand deposits	10,325
	$ 11,548

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, 2026, deposit balances (bank balances) totaling $11,548 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, 2026, the District's deposits were not exposed to custodial credit risk.

(3) Changes in Capital Assets

The following is a summary of changes in capital assets:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets not being depreciated				
Land	$ 16,500	$ -	$ -	$ 16,500
Capital assets being depreciated				
Water plant, lines and meters	10,488,224	-	-	10,488,224
Office building	206,396	-	-	206,396
Furniture and equipment	178,371	-	-	178,371
Trucks	94,416	-	-	94,416
Total capital assets being depreciated	10,967,407	-	-	10,967,407
Less accumulated depreciation	(8,846,097)	(196,141)	-	(9,042,238)
Total capital assets being depreciated, net	2,121,310	(196,141)	-	1,925,169
Total capital assets	$ 2,137,810	$ (196,141)	$ -	$ 1,941,669

Depreciation expense charged to operations for the year ended May 31, 2026, is $196,141.

(4) Pension Plan

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

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

Plan Description: The Parochial Employees' Retirement System of Louisiana (System) is a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the state of Louisiana or any governing body or a parish which employs and pays persons serving the parish.

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

The System is governed by Louisiana Revised Statutes, Title 11, Sections 1901 through 2026, specifically, and other general laws of the State of Louisiana.

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

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

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

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

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

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

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

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

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

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

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

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

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in DROP will be placed in liquid asset money market investments at the discretion of the Board of Trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of DROP must agree that the benefits payable to the participant are not the obligations of the State or the System, and that any returns and other rights of DROP are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits: For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to 2% of the member's final average compensation multiplied by his years of service, to age 60 for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

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

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

Employer Contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2025, the actuarially determined contribution rate was 7.00% of member's compensation for Plan B.

Non-employer Contributions: According to state statute, PERS also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

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

At May 31, 2026, the District reported assets in its financial statements of $64,827 for its proportionate share of the net pension liability/asset of PERS. The net pension liability was measured as of December 31, 2025 and the total pension liability used to calculate the net pension liability was determined by separate actuarial valuations performed as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2025, the District's proportional share of PERS was 0.120124%, which was a decrease of 0.063521% from its proportion measured as of December 31, 2024.

For the year ended May 31, 2026, the District recognized pension expense of $15,225 in its activities.

At May 31, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,968	$ 44,491
Changes of assumptions	701	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,748	-
Employer contributions subsequent to the measurement date	3,667	-
	$ 16,084	$ 44,491

The $3,667 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2027	$ 6,227
2028	(15,952)
2029	(14,052)
2030	(8,297)
	$ (32,074)

Actuarial Assumptions

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

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2025 are as follows:

	Parochial Employees' Retirement System of Louisiana Plan B
Valuation Date	December 31, 2025
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.40%, net of investment expense, including inflation
Projected Salary Increases	4.25%
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2021 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2021 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2021 scale for disabled annuitants.
Inflation Rate	2.30%

The discount rate used to measure the total pension liability was 6.40% for Plan B, which was the same rate used in the prior year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, PERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/asset.

The investment rate of return was 6.40% for Plan B, which was the same rate used in the prior year. The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.40% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.30% for the year ended December 31, 2025.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2025 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate Of Return
Fixed Income	29	0.88%
Equity	50	2.95%
Alternatives	18	0.90%
Real assets	3	0.17%
Totals	100%	4.90%
Inflation		2.40%
Expected Arithmetic Nominal Return		7.30%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2018 through December 31, 2022. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2021 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2021 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plan Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2021 scale.

Sensitivity to Changes in Discount Rate

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

	Changes in Discount Rate		
	1% Decrease 5.40%	Current Discount Rate 6.40%	1% Increase 7.40%
Net Pension Liability / (Asset)	$ 9,854	$ (64,827)	$ (127,352)

Payables to the Pension Plan: The District recorded accrued liabilities to PERS for the year ended May 31, 2026 primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accrued liabilities. The balance due to PERS as of May 31, 2026 is $951.

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

(5) Compensation Paid to Board Members

For the year ended May 31, 2026, the District's board members received no compensation.

(6) Compensation and Payments to Chief Officer

Act 706 of the 2014 Legislative Session amended R.S. 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. For the year ended May 31, 2026, the District's Chief Officer, William "Bill" Miller, received no compensation, reimbursements, benefits, or other payments.

(7) Intergovernmental / Cooperative Endeavor Agreements

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

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

(8) District Consolidation

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

(9) Current Accounting Standards Scheduled to be Implemented

The following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the District's financial report:

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the District's financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of Employer's Share of Net Pension Liability/Asset
Year Ended May 31, 2026

Plan Year Ended Dec. 31,	Employer Proportion of the Net Pension Liability	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability / Asset
2016	0.331375%	$ 43,048	$ 330,110	13.04%	95.50%
2017	0.343996%	$ (43,282)	$ 348,834	-12.41%	104.02%
2018	0.331091%	$ 89,449	$ 346,372	25.82%	91.93%
2019	0.290413%	$ (21,010)	$ 325,369	-6.46%	102.05%
2020	0.254578%	$ (65,357)	$ 291,570	-22.42%	106.76%
2021	0.245635%	$ (137,263)	$ 280,565	-48.92%	114.20%
2022	0.204337%	$ 48,650	$ 238,000	20.44%	94.26%
2023	0.192097%	$ 1,927	$ 238,690	0.81%	99.77%
2024	0.183645%	$ (31,347)	$ 256,932	-12.20%	103.63%
2025	0.120124%	$ (64,827)	$ 160,546	-40.38%	110.96%

See accountant's compilation report and note to retirement system schedules.

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

Schedule of Employer Pension Contributions
Year Ended May 31, 2026

Fiscal Year Ended May 31,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Employee Payroll
2017	$ 27,883	$ 27,883	$ -	$ 348,532	8.00%
2018	$ 26,939	$ 26,939	$ -	$ 345,587	7.80%
2019	$ 25,438	$ 25,438	$ -	$ 339,179	7.50%
2020	$ 24,006	$ 24,006	$ -	$ 320,077	7.50%
2021	$ 20,536	$ 20,536	$ -	$ 273,812	7.50%
2022	$ 20,029	$ 20,029	$ -	$ 267,055	7.50%
2023	$ 17,874	$ 17,874	$ -	$ 233,158	7.67%
2024	$ 17,897	$ 17,897	$ -	$ 250,093	7.16%
2025	$ 17,479	$ 17,479	$ -	$ 248,277	7.04%
2026	$ 11,507	$ 11,507	$ -	$ 160,546	7.17%

See accountant's compilation report and note to retirement system schedules.

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

Note to Retirement System Schedules
Year Ended May 31, 2026

Parochial Employees' Retirement System

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

Changes of assumptions –

Fiscal Year ended May 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2017	7.00%	7.00%	2.50%	4	5.25%
2018	6.75%	6.75%	2.50%	4	5.25%
2019	6.50%	6.50%	2.40%	4	4.25%
2020	6.50%	6.50%	2.40%	4	4.25%
2021	6.40%	6.40%	2.30%	4	4.25%
2022	6.40%	6.40%	2.30%	4	4.25%
2023	6.40%	6.40%	2.30%	4	4.25%
2024	6.40%	6.40%	2.30%	4	4.25%
2025	6.40%	6.40%	2.30%	4	4.25%
2026	6.40%	6.40%	2.30%	4	4.25%