

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Annual Financial Report
As of and for the
Year Ended December 31, 2017

Bayou Lafourche Fresh Water District
Annual Financial Report
For the Year Ended December 31, 2017

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-9
Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet - Governmental Fund Type	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund Type	13
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	14
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	15
Notes to Financial Statements	16-33
Required Supplemental Information	
Budgetary Comparison Schedule - General Fund	34
Budgetary Comparison Schedule - Special Revenue Fund	35
Other Information	
Schedule of Compensation, Benefits, and Other Payments to the Executive Director	36
Reports Required by <i>Government Auditing Standards</i>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37-38
Schedule of Findings and Responses	39
Management's Corrective Action Plan for Current Year Findings	40
Schedule of Prior Findings and Resolution Matters	41
Statewide Agreed-Upon Procedures	
Independent Accountant's Report on Applying Agreed-Upon Procedures	42
Schedule of Procedures and Associated Findings of the Statewide Agreed-Upon Procedures	43-60

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bayou Lafourche Fresh Water District, (the District), 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Bayou Lafourche Fresh Water District as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9 and the budgetary comparison schedules on pages 34 and 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

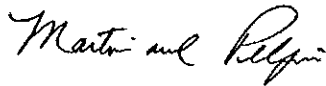
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the Executive Director on page 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to the Executive Director is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to the Executive Director is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2018, 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.



Houma, Louisiana
March 27, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
For the Year Ended December 31, 2017

This discussion and analysis of the Bayou Lafourche Fresh Water District's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2017. Please read it in conjunction with the financial statements and the accompanying notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Government-Wide Financial Statements (Statement of Net Position and the Statement of Activities) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Fund Financial Statements (Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the Government-Wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Information, is providing varying degrees of assurance. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the parts in the Annual Financial Report.

Government-Wide Financial Statements

One of the most important questions asked about finances is, "Is the Bayou Lafourche Fresh Water District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position and changes in them. You can think of net position—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and factors that affect water supply for sales to the surrounding parishes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The Bayou Lafourche Fresh Water District utilizes the governmental type of fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations on pages 14 and 15.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- Net position of our governmental activities increased by \$2,533,335 or 15.7 percent.
- During the year, the District had governmental expenses of \$2,306,758 that were \$2,533,335 less than the \$4,840,093 generated in program and general revenues.
- The governmental funds reported total ending fund balance of \$17,108,585. This compares to the prior year ending fund balance of \$15,101,880 resulting in an increase of \$2,006,705.

The Statement of Net Position and the Statement of Activities reports all transactions as governmental activities. All of the basic governmental services are reported as this type. Property taxes and water sales finance most of these activities.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
For the Year Ended December 31, 2017

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Our analysis below focuses on the net position of the governmental-type activities.

Condensed Statement of Net Position

	2016	2017	Dollar Change	Percent Change
Current and other assets	\$ 20,616,073	\$ 17,406,610	\$ (3,209,463)	-15.6%
Capital assets, net	1,104,762	1,657,534	552,772	50.0%
Total assets	21,720,835	19,064,144	(2,656,691)	-12.2%
Deferred outflows of resources	161,819	129,737	(32,082)	-19.8%
Current liabilities	5,514,193	298,025	(5,216,168)	-94.6%
Long-term liabilities	211,093	202,755	(8,338)	-3.9%
Total liabilities	5,725,286	500,780	(5,224,506)	-91.3%
Deferred inflows of resources	18,343	20,741	2,398	13.1%
Net investment in capital assets	1,104,762	1,657,534	552,772	50.0%
Restricted for special projects	20	20	-	0.0%
Unrestricted	15,034,243	17,014,806	1,980,563	13.2%
Total net position	\$ 16,139,025	\$ 18,672,360	\$ 2,533,335	15.7%

The District's net position increased as a result of this year's operations. Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—also increased during the year. The balance in net position represents the accumulated results of all past years' operations.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
For the Year Ended December 31, 2017

FINANCIAL ANALYSIS AS A WHOLE (GWFS) (Cont.)

Our analysis below focuses on the changes in net position of the governmental-type activities.

Condensed Statement of Activities

	2016	2017	Dollar Change	Percent Change
Total program expenses	\$ (21,298,632)	\$ (2,306,758)	\$ 18,991,874	-89.2%
Total program revenues	19,518,986	319,701	(19,199,285)	-98.4%
Net program income	(1,779,646)	(1,987,057)	(207,411)	-11.7%
General revenues	3,976,374	4,520,392	544,018	13.7%
Change in net position	2,196,728	2,533,335	336,607	15.3%
Net position:				
Beginning of the year	13,942,297	16,139,025	2,196,728	15.8%
End of the year	\$ 16,139,025	\$ 18,672,360	\$ 2,533,335	15.7%

The amount spent on programs related to operating the District's office decreased by 89.2%. Total program revenues decreased by 98.4% or \$19,199,285 from the prior year.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The Bayou Lafourche Fresh Water District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The General Fund includes revenue and expenditures necessary to the operation of the District's office such as personnel, benefits, and operation and maintenance of facilities and vehicles. The General Fund reflected \$4,588,906 in total revenues, including \$4,207,875 in property taxes and \$278,400 in water sales. The General Fund reflected \$203,352 in other financing sources. Total current expenditures were \$2,785,553. After a \$2,006,705 excess of revenues over expenditures for the year, the ending fund balance was \$17,108,565, all in the unassigned category.

The Coastal Impact Assistance Program (CIAP) Fund is a Special Revenue fund that accounts for grants received and expenditures for special projects. The revenue and expenditures in this fund for the year was \$41,301. The ending fund balance was \$20.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
For the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS) (Cont.)

The projects during the year included costs for the Union Pacific bridge design and the Pedestrian Bridge. More detailed information is presented in the notes to financial statements.

BUDGETARY HIGHLIGHTS

The District's annual budget is adopted on a modified accrual basis of accounting excluding noncash items, such as depreciation. The District amended its General Fund budget twice during the year. The Special Revenue Fund budget had no amendments.

The District experienced favorable revenue and expenditure variances for the General Fund and no variances in the Special Revenue Fund.

CAPITAL ASSETS

Capital assets include land, furniture and equipment, vehicles, building and improvements, and construction in progress recorded at historical cost of \$5,258,056. Accumulated depreciation as of December 31, 2017 is \$3,600,522 resulting in an ending book balance of \$1,657,534. Depreciation expense of \$125,542 was recorded for the year.

More detailed information about the capital assets is presented in the notes to financial statements. However, a summary of current and prior year capital assets follows:

	<u>2016</u>	<u>2017</u>
Land	\$ 133,583	\$ 133,583
Furniture and equipment	2,246,777	2,256,245
Vehicles	127,386	127,386
Buildings and improvements	1,941,256	2,094,251
Construction in progress	<u>130,740</u>	<u>646,591</u>
Total capital assets	4,579,742	5,258,056
Less accumulated depreciation	<u>(3,474,980)</u>	<u>(3,600,522)</u>
Total capital assets, net	<u>\$ 1,104,762</u>	<u>\$ 1,657,534</u>

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
For the Year Ended December 31, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Many factors were considered when budgeting for the next fiscal year. Possible new laws and regulations, increased rates and fees that would be charged, and possible new grant funding sources were all considered.

Highlights of next year's General Fund budget include:

Estimated revenue	<u>\$ 4,364,000</u>
Special projects	445,000
Salaries and related benefits	1,155,600
General operating	1,038,650
Capital outlay	<u>4,464,000</u>
Total estimated expenditures	<u>7,103,250</u>
Estimated excess of revenue over expenditures	(2,739,250)
Estimated beginning fund balance	<u>17,021,105</u>
Estimated ending fund balance	<u><u>\$ 14,281,855</u></u>

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Mr. Benjamin Malbrough, Executive Director
1016 St. Mary Street
Thibodaux, Louisiana 70301
Phone number (985) 447-7155

FINANCIAL STATEMENTS

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Statement of Net Position
December 31, 2017

	Government Activities
Assets	
Cash and cash equivalents	\$ 14,901,615
Receivables:	
Ad valorem taxes	2,347,496
State revenue sharing	16,155
Water sales	46,020
Other	95,324
Total Current Assets	17,406,610
Capital assets, net of accumulated depreciation of \$3,600,522	1,657,534
Total Assets	19,064,144
Deferred Outflows of Resources	129,737
Liabilities	
Accounts payable	269,452
Accrued payroll	28,573
Total Current Liabilities	298,025
Net pension liability	71,693
Accrued compensated absences payable	63,220
Other post-employment benefit liability	67,842
Total Long-term Liabilities	202,755
Total Liabilities	500,780
Deferred Inflows of Resources	20,741
Net Position	
Net investment in capital assets	1,657,534
Restricted	20
Unrestricted	17,014,806
Total Net Position	\$ 18,672,360

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Statement of Activities
December 31, 2017

	<u>Government Activities</u>
REVENUES	
Charges for services	\$ 278,400
Operating grants and contracts	41,301
	<hr/>
TOTAL REVENUES	319,701
	<hr/>
EXPENSES	2,306,758
	<hr/>
GENERAL REVENUES	
Ad valorem taxes	4,207,875
State revenue sharing	102,631
Insurance proceeds	100,000
Miscellaneous income	95,674
Interest income	7,678
Pension revenues	6,534
	<hr/>
TOTAL GENERAL REVENUES	4,520,392
	<hr/>
CHANGE IN NET POSITION	2,533,335
	<hr/>
NET POSITION - Beginning	16,139,025
	<hr/>
NET POSITION - Ending	<u><u>\$ 18,672,360</u></u>

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Balance Sheet
Governmental Fund Type
December 31, 2017

	Governmental Fund Types		Totals
	General Fund	CIAP Special Revenue	
Assets			
Cash and cash equivalents	\$ 14,901,595	\$ 20	\$ 14,901,615
Receivables:			
Ad valorem taxes	2,347,496	-	2,347,496
State revenue sharing	16,155	-	16,155
Water sales	46,020	-	46,020
Other	95,324	-	95,324
Total Assets	\$ 17,406,590	\$ 20	\$ 17,406,610
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 269,452	\$ -	\$ 269,452
Accrued payroll	28,573	-	28,573
Total Liabilities	298,025	-	298,025
Fund Balance:			
Restricted for:			
Special projects	-	20	20
Unassigned	17,108,565	-	17,108,565
Total Fund Balance	17,108,565	20	17,108,585
Total Liabilities and Fund Balance	\$ 17,406,590	\$ 20	\$ 17,406,610

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Statement of Revenues, Expenditures,
and Changes in Fund Balance -
Governmental Fund Type
For the Year Ended December 31, 2017

	General Fund	CIAP Special Revenue	Totals
REVENUES			
Ad valorem taxes	\$ 4,207,875	\$ -	\$ 4,207,875
Water sales	278,400	-	278,400
Intergovernmental:			
State revenue sharing	102,631	-	102,631
Special projects	-	41,301	41,301
Total Revenues	4,588,906	41,301	4,630,207
EXPENDITURES			
General government - current:			
Salaries	655,621	-	655,621
Utilities	396,652	-	396,652
Group insurance	205,759	-	205,759
Insurance - general	161,623	-	161,623
Ad valorem deduction for pension	135,183	-	135,183
Repairs and maintenance	106,457	-	106,457
Special projects	60,427	41,301	101,728
Public outreach	82,078	-	82,078
Legal fees	57,392	-	57,392
Retirement expense	49,610	-	49,610
Payroll taxes	48,516	-	48,516
Miscellaneous expense	32,509	-	32,509
Monitoring gauge expense	23,325	-	23,325
Material and supplies	18,856	-	18,856
Fuel and lube	17,218	-	17,218
Engineering fees	13,166	-	13,166
Telephone	10,127	-	10,127
Office expense	8,277	-	8,277
Computer expense and equipment	7,785	-	7,785
Accounting fees	7,500	-	7,500
Legal publications	2,755	-	2,755
Mileage and travel	2,599	-	2,599
Executive Director expenses	1,957	-	1,957
Dues and subscriptions	1,847	-	1,847
Total current expenditures	2,107,239	41,301	2,148,540
Capital outlay	678,314	-	678,314
Total Expenditures	2,785,553	41,301	2,826,854
OTHER FINANCING SOURCES			
Insurance proceeds	100,000	-	100,000
Miscellaneous income	95,674	-	95,674
Interest income	7,678	-	7,678
Total Financing Sources	203,352	-	203,352
Excess Revenues Over Expenditures	2,006,705	-	2,006,705
FUND BALANCES			
Beginning of year	15,101,860	20	15,101,880
End of year	\$ 17,108,565	\$ 20	\$ 17,108,585

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
 Reconciliation of the Governmental Fund Balance Sheet
 to the Statement of Net Position
 December 31, 2017

Fund balance - governmental fund	\$ 17,108,585
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$5,258,056, net of accumulated depreciation of \$3,600,522, are not financial resources and, therefore, are not reported in the governmental funds.	1,657,534
Deferred outflows of resources related to net pension liability are not available resources, and therefore, are not reported in the funds.	129,737
Liabilities not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(71,693)
Compensated absences	(63,220)
Other post-employment benefits	(67,842)
Deferred inflows of resources related to net pension liability are not payable from current expendable resources, and therefore, are not reported in the funds.	<u>(20,741)</u>
Net position of governmental activities	<u><u>\$ 18,672,360</u></u>

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
 Reconciliation of the Statement of Governmental Fund Revenues,
 Expenditures and Changes in Fund Balance to the
 Statement of Activities
 For the Year Ended December 31, 2017

Change in fund balance - governmental fund \$ 2,006,705

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, whereas in the statement of activities, these costs are depreciated over their estimated useful lives.

Depreciation expense	(125,542)	
Capital outlays	<u>678,314</u>	552,772

Payment of compensated absences and other post-employment benefits are reported as expenditures in the governmental funds when actually paid. However, on the Statements of Activities, these are expensed as they are accrued. These are the change in the liabilities for 2017:

Compensated absences	(3,839)	
Other post-employment benefits	<u>(11,752)</u>	(15,591)

Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability		<u>(10,551)</u>
--	--	-----------------

Change in net position of government activities \$ 2,533,335

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Introduction

The Bayou Lafourche Fresh Water District (the District) was created under Act 113 of 1950, of the Louisiana Legislature, for the purpose of furnishing fresh water from the Mississippi River to the incorporated villages, towns, and cities along Bayou Lafourche. The District is governed by a board of twelve commissioners appointed for terms of four years. The parish governments of Ascension and Assumption each appoint two of twelve commissioners, and the Governor of Louisiana appoints four commissioners each from Lafourche and Terrebonne Parishes.

The financial statements of the Bayou Lafourche Fresh Water District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

Note 1 – Summary of Significant Accounting Policies

A. Financial Reporting Entity

The accompanying financial statements present information only on the funds maintained by the Bayou Lafourche Fresh Water District.

The District has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

B. Basis of Presentation

GASB Statements establish standards for external financial reporting for all state and local governmental entities which includes a statement of net position and a statement of activities. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 1 – Summary of Significant Accounting Policies (Cont.)

Unrestricted – This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. It establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are defined as follows:

Nonspendable – This component of fund balance includes amounts that cannot be spent due to form, including inventories and prepaid amounts. Also included are amounts that must be maintained intact legally or contractually.

Restricted – This component of fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – This component of fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Commissioners must vote on commitments.

Assigned – This component of fund balance is intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Commissioners can vote on applicable assigned amounts.

Unassigned – This component of fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Stabilization Funds – This component of fund balance covers such things as revenue shortfalls, emergencies, or other purposes. The authority to set aside resources often comes from a statute, ordinance, or constitution.

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 1 – Summary of Significant Accounting Policies (Cont.)

activities generally are financed through taxes, intergovernmental revenues, and water sales.

Fund Financial Statements:

The daily accounts and operations of the District are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The governmental funds of the District include:

General Fund – The general fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Fund – The special revenue fund is used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District has one special revenue fund. The special revenue fund of the District is used to account for state contract monies received from the Louisiana Department of Natural Resources through the Coastal Protection and Restoration Authority which are used for the dredging and clearing of Bayou Lafourche, and other special projects.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

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 in the year for which they are levied.

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements 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).

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 1 – Summary of Significant Accounting Policies (Cont.)

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.

Program Revenues – Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue-sharing (intergovernmental revenue) are recognized as revenue in the year levied.

Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund and special revenue fund. All annual appropriations lapse at fiscal year-end. Formal budgetary integration is employed as part of the accounting system, and the budget is amended by supplemental appropriations as needed to comply with State law.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 1 – Summary of Significant Accounting Policies (Cont.)

E. Cash and Cash Equivalents

The District considers all highly liquid investments purchased with an initial maturity of ninety days or less to be cash equivalents.

F. Bad Debts

The financial statements of the District contain no allowance for bad debts. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the District.

G. Capital Assets

The accounting treatment over capital assets depends on whether the assets are reported in the government-wide or fund financial statements.

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

<u>Category</u>	<u>Life</u>
Buildings and improvements	10 - 40 years
Equipment and furniture	5 - 25 years
Vehicles	5 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. Interfund Transactions

Interfund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 1 – Summary of Significant Accounting Policies (Cont.)

I. Compensated Absences

Employees of the District accumulate an unlimited amount of annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits. The cost of leave privileges are computed in accordance with GASB Codification Section C60. An estimate of the leave privileges requiring current resources is accrued in the General Fund. The District records the long-term portion of accrued leave in the GWFS. As of December 31, 2017, the District accrued \$63,220 of compensated absences payable.

J. Restricted Assets and Restricted Fund Balance

Certain resources of the District's special revenue fund are classified as restricted assets on the statement of net position and balance sheet because their use is limited by grant agreements. These funds represent the Louisiana Coastal Protection and Restoration Authority contract funds to be used on special projects.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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 2 – Deposits

Cash includes demand deposits and interest-bearing demand deposits. 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 state in the union, or the laws of the United States. Further, the District may deposit funds in time deposits or certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

State law requires that deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivisions.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 2 – Deposits (Cont.)

The year end balances of deposits are as follows:

	Bank Balance	Reported Amount
Cash	\$ 14,922,812	\$ 14,901,615

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2017, \$14,672,792 of the District's bank balance was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Cash was adequately collateralized in accordance with State law by securities held by unaffiliated banks for the accounts of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 – Capital Assets

A summary of changes in capital assets follows:

	January 1, 2017	Additions	Deletions	December 31, 2017
Capital assets, not being depreciated:				
Land	\$ 133,583	\$ -	\$ -	\$ 133,583
Construction in progress	130,740	515,851	-	646,591
Total capital assets not being depreciated	264,323	515,851	-	780,174
Capital assets being depreciated:				
Equipment	2,246,777	9,468	-	2,256,245
Buildings	1,941,256	152,995	-	2,094,251
Vehicles	127,386	-	-	127,386
Total capital assets being depreciated	4,315,419	162,463	-	4,477,882

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Notes to Financial Statements

As of and for the Year Ended December 31, 2017

Note 3 – Capital Assets (Cont.)

Less accumulated depreciation:

Equipment	(1,683,326)	(105,839)	-	(1,789,165)
Buildings	(1,671,878)	(13,989)	-	(1,685,867)
Vehicles	(119,776)	(5,714)	-	(125,490)
Accumulated depreciation	<u>(3,474,980)</u>	<u>(125,542)</u>	-	<u>(3,600,522)</u>
Totals	\$ 1,104,762	\$ 552,772	\$ -	\$ 1,657,534

The weir removal design/water control structure project totaling \$55,833, the Donaldsonville pump station design totaling \$454,234, and the drainage improvement project totaling \$136,524 were in progress as of December 31, 2017.

For the year ended December 31, 2017, depreciation expense was \$125,542.

Note 4 – Property Taxes

Lafourche Parish – Property taxes are levied on the assessed value listed as of the prior January 1 for all real property, merchandise, and moveable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. Taxes are due and payable December 31, with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes.

Assumption Parish – Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied by the parish government in June or July and are billed to taxpayers by the Sheriff in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Assumption Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for pension fund contributions.

Ascension Parish – Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied in October and billed to the taxpayers in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Ascension Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's and legislative pension fund contributions.

Terrebonne Parish – Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise, and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. Taxes are due and payable December 31, with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 5 – Intergovernmental Revenue for Special Projects

Intergovernmental revenue for special projects consists of the following:

Government	Special Revenue Fund
Assumption Parish Policy Jury	\$ 32,937
Louisiana Coastal Protection and Restoration Authority	8,364
	\$ 41,301

Note 6 – Pension and Retirement Plans

The Bayou Lafourche Fresh Water District (the District) is a participating employer in a cost-sharing defined benefit pension plan. This plan is administered by the Parochial Employees' Retirement System of Louisiana (PERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. The system is administered by a separate board of trustees.

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

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

Plan Descriptions:

The Parochial Employees' Retirement System of Louisiana (PERS) is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was originally established by R.S. 11:1901 of the Louisiana Revised Statute. The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the state which does not have their own retirement system and which elects to become members of the system. For the year ended December 31, 2016, there were 210 contributing municipalities in Plan A and 51 in Plan B. The Bayou Lafourche Fresh Water District is a participant in Plan B only.

The following is a description of the plan and its benefits and is provided for general information purposes only.

All permanent District employees who work at least 28 hours per week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 6 – Pension and Retirement Plans (Cont.)

Any member of Plan B who was hired before January 1, 2007 can retire providing the member meets one of the following criteria:

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

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

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

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

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

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

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

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 6 – Pension and Retirement Plans (Cont.)

true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date. For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the system, the funds may be credited to the self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state of the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

For Plan 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/her 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.

Employer Contributions: Employer contributions are actuarially determined each year. For the year ended December 31, 2017, employer contributions were 8.0%.

Non-Employer Contribution: In accordance with state statute, the System also receives $\frac{1}{4}$ of 1.0% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System 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 Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: As of December 31, 2017, the District reported liabilities in its government-wide financial statements of \$71,693 for its proportionate share of the net pension

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 6 – Pension and Retirement Plans (Cont.)

liabilities of the System. 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 an actuarial valuation performed of the retirement system as of the 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. As of December 31, 2016, the District's proportion share of the System was .551877%, which was an increase of .014814% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the District recognized a pension expense of \$66,695 in its governmental activities related to its participation in the System.

As of December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 20,463
Changes in assumptions	8,551	-
Net difference between projected and actual earnings on pension plan investments	71,576	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	278
Employer contributions subsequent to the measurement date	<u>49,610</u>	<u>-</u>
	<u>\$ 129,737</u>	<u>\$ 20,741</u>

Deferred outflows of resources of \$49,610 related to pensions resulting from the District's contributions to the System subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 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:

<u>Year</u>	
2017	\$ 19,747
2018	24,520
2019	17,133
2020	<u>(2,014)</u>
Total	<u>\$ 59,386</u>

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 6 – Pension and Retirement Plans (Cont.)

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 is as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.00%, per annum (net of fees)
Inflation Rate	2.50% per annum
Salary Increase	2.75%
Cost of Living Adjustments	Only those previously granted
Mortality	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.

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, the System'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.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 6 – Pension and Retirement Plans (Cont.)

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 7.0%, as well as what the employer’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate as of December 31, 2016.

	Changes in Discount Rate:		
		Current	
	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
Net Pension Liability	\$ 272,558	\$ 71,693	\$ (97,865)

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2017, the District recognized revenue as a result of support received from the non-employer contributing entities of \$6,534 for its participation in the System.

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

Note 7 – Other Post-Employment Benefits

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions, requires governments to accrue postemployment benefits to the extent it is probable the employer will provide benefits conditioned on the employees’ retirement. The District has recorded liabilities for post-employment health care and life insurance benefits as of December 31, 2017. The Commission’s liability related to the plan as of December 31, 2017 is \$67,842.

Plan Description. Continuing health care benefits are provided for those retired employees who have reached the normal retirement age while employed by the District. The Plan is a multiple-employer defined benefit health care plan administered by the Louisiana State Office of Group Benefits. The Office of Group Benefits has the authority to establish and amend the benefit provisions of the Plan. The Plan issues a publicly available financial report.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 7 – Other Post-Employment Benefits (Cont.)

Funding Policy. The benefits for retirees and similar benefits for active employees are provided through Blue Cross Blue Shield of Louisiana HMO with the monthly premiums for active employees being paid solely by the District. The District recognizes the cost as an expenditure when paid during the year. The benefits are financed on a pay-as-you-go basis.

Annual OPEB Cost. The District's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The District utilizes unit credit actuarial cost method to amortize the unfunded actuarial accrued liability. The total ARC for the year ending December 31, 2017 is \$18,828 as set forth below.

Normal cost	\$	9,726
30-year Unfunded Actuarial Accrued Liability amortization		9,102
Annual required contribution	\$	18,828

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$	18,828
Interest on net OPEB obligation		2,244
Adjustment to annual required contribution		(3,244)
Annual OPEB cost (expense)		17,828
Contributions made		(6,076)
Increase in net OPEB obligation		11,752
Net OPEB obligation as of January 1, 2017		56,090
Net OPEB obligation as of December 31, 2017	\$	67,842

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2017 is as follows:

Year Ended December 31,	Annual OPEB Cost	Annual OPEB Cost	Net OPEB Obligation
2016	\$ 12,240	65.8%	\$ 56,090
2017	17,828	34.1%	67,842

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 7 – Other Post-Employment Benefits (Cont.)

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2017 was as follows:

Actuarial accrued liability (AAL)	\$ 163,659
Actuarial valuation of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 163,659
 Funded ratio (actuarial value of plan assets/AAL)	 0.0%

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially-determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the District's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2017 actuarial valuation, the projected unit credit actuarial cost method was used. The significant actuarial assumptions used in the valuation of the Plan are as follows:

1. Investment return of 4.0% per annum, compounded annually.
2. Mortality rates: 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 is used.
3. The valuation used the "Closed Group" method; i.e., the employees and retirees as of the valuation date were used and employees to be hired in the future were not considered. Employees were assumed to continue the same types of coverage into retirement, except that single and employee/spouse were used for employee/child and family, respectively, after age 65.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 7 – Other Post-Employment Benefits (Cont.)

4. 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 variable percentage of the first \$500 monthly of the cost of the medical insurance for retirees. The percentage is 30% at 15 years grading up to 75% at 30 years of service, and further grading up to 100% at 38 years of service.
5. Life insurance coverage is available to retirees based on the OGB coverage schedule and OGB blended rates (active and retired). The retiree pays 100% of the “cost” of the retiree life insurance, but it is based on the blended rate. Since GASB 45 requires the use of “unblended” rates, the 94GAR mortality table was used to “unblend” the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.
6. The assumed rate of medical trend is 1.025 from 2018 through 2066.

Note 8 – Risk and Insurance

The District is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; errors and omissions; and injuries to the public; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed.

Note 9 – Special Projects

Federal money received from the Louisiana Coastal Protection and Restoration Authority and the Assumption Parish Police Jury mentioned in Note 5 is utilized for the costs of special projects. The projects during the year included costs for the Union Pacific bridge design and the Pedestrian Bridge.

Note 10 – Litigation and Claims

The District is involved in several cases of litigation as of December 31, 2017. In the opinion of management and legal counsel, the District has adequate legal defenses for the issues raised, and the outcome of these matters will not have a significant effect on the District's financial position as of December 31, 2017.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Note 11 – Compensation of Board Members

The following amounts were paid to commissioners for the year ended December 31, 2017:

Ray Mayet	\$ 900
Eli Miles, Jr.	900
Gregory Nolan	900
Donald Schwab	900
Christopher Domangue	825
Gene Harrell	825
Scott LeBlanc	675
Lance Authement	600
Ron Animashaun	150
Hugh Caffery	-
Jake Giardina	-
Francis Richard	-
	<hr/>
Total	<u><u>\$ 6,675</u></u>

Note 12 – Subsequent Events

On February 5, 2018, the District entered into a \$335,052 contract for water control structure engineering and design for the Bayou Lafourche weir removal project.

Effective March 6, 2018, the District entered into an intergovernmental agreement with the Lafourche Parish Government for the construction of the Dugas Canal pump station and drainage infrastructure improvements project. Project funding of \$4,985,000 from Hurricanes Gustav and Ike Community Development Block Grant Parish-Implemented Recovery Program has been obligated to construct the project.

Subsequent events were evaluated through March 27, 2018, which is the date the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
 Budgetary Comparison Schedule – General Fund
 Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad valorem taxes	\$ 3,801,000	\$ 4,101,000	\$ 4,207,875	\$ 106,875
Water sales	262,000	253,000	278,400	25,400
Intergovernmental:				
State revenue sharing	90,000	86,497	102,631	16,134
Other financing sources:				
Insurance proceeds	-	100,000	100,000	-
Miscellaneous income	12,000	2,000	95,674	93,674
Interest	6,000	8,000	7,678	(322)
Total Revenues	<u>4,171,000</u>	<u>4,550,497</u>	<u>4,792,258</u>	<u>241,761</u>
EXPENDITURES				
General government - current:				
Salaries	633,150	653,400	655,621	(2,221)
Utilities	313,300	353,250	396,652	(43,402)
Group insurance	205,000	205,000	205,759	(759)
Insurance - general	200,000	165,000	161,623	3,377
Ad valorem deduction for pension	140,000	139,007	135,183	3,824
Repairs and maintenance	100,000	105,000	106,457	(1,457)
Public outreach	94,500	76,078	82,078	(6,000)
Special projects	720,000	113,866	60,427	53,439
Legal fees	135,000	65,000	57,392	7,608
Retirement expense	60,000	60,000	49,610	10,390
Payroll taxes	60,000	60,000	48,516	11,484
Miscellaneous expense	16,600	31,150	32,509	(1,359)
Monitoring gauge expense	45,000	25,000	23,325	1,675
Material and supplies	30,000	24,700	18,856	5,844
Fuel and lube	22,500	14,000	17,218	(3,218)
Engineering fees	5,000	4,000	13,166	(9,166)
Telephone	12,000	10,000	10,127	(127)
Office expense	10,000	9,500	8,277	1,223
Computer expense and equipment	7,000	8,000	7,785	215
Accounting fees	15,000	15,000	7,500	7,500
Legal publications	5,000	2,500	2,755	(255)
Mileage and travel	3,500	2,500	2,599	(99)
Executive Director expenses	5,000	2,500	1,957	543
Dues and subscriptions	2,500	2,000	1,847	153
Capital outlay	1,052,500	631,895	678,314	(46,419)
Total Expenditures	<u>3,892,550</u>	<u>2,778,346</u>	<u>2,785,553</u>	<u>(7,207)</u>
Excess (deficiency) of revenues over expenditures	278,450	1,772,151	2,006,705	234,554
FUND BALANCES				
Beginning of year	11,625,131	12,250,977	15,101,860	2,850,883
End of year	<u>\$ 11,903,581</u>	<u>\$ 14,023,128</u>	<u>\$ 17,108,565</u>	<u>\$ 3,085,437</u>

See Independent Auditor's Report.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
 Budgetary Comparison Schedule – Special Revenue Fund
 Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental:				
Special projects	\$41,301	\$41,301	\$41,301	\$ -
EXPENDITURES				
General government - current:				
Special projects	<u>41,301</u>	<u>41,301</u>	<u>41,301</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCES				
Beginning of year	<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 20</u>

See Independent Auditor's Report.

OTHER INFORMATION

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Compensation, Benefits, and Other
Payments to the Executive Director
For the Year Ended December 31, 2017

Agency Head Name: Mr. Benjamin Malbrough, Executive Director

Purpose	Amount
Salary	\$ 156,329
Benefits - insurance	18,161
Benefits - retirement	12,506
Dues	1,736
Vehicle provided by government	681
Special meals	571
Registration fees	269
Reimbursements	43
Car allowance/automobile expense	-
Conference travel	-
Membership fees	-
Deferred compensation	-
Per diem	-
Service fees	-
Benefits - other	-
Travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-

This schedule is used to satisfy the reporting requirements of R.S. 24:513(A)(3).

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Bayou Lafourche Fresh Water District
Thibodaux, 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 governmental activities and each major fund of the Bayou Lafourche Fresh Water District (the District), 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, and have issued our report thereon dated March 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be a significant deficiency. This item is listed as 2017-001.

Compliance and Other Matters

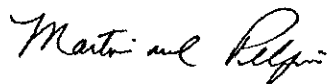
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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 that are required to be reported under *Government Auditing Standards*.

The District's Responses to Findings

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended solely for the information and use of management, the reporting entity, federal awarding agencies and pass-through entities, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Houma, Louisiana
March 27, 2018

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Findings and Responses
For the Year Ended December 31, 2017

Section I – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements of the Bayou Lafourche Fresh Water District.
2. One significant control deficiency (see finding **2017-001**) was noted during the audit of the financial statements. This significant control deficiency was not considered a material weakness.
3. *No instances of noncompliance required to be reported in accordance with Government Auditing Standards* were disclosed during the audit.
4. A management letter was not issued.

Section II – Financial Statement Findings

No findings related to the basic financial statements of the Bayou Lafourche Fresh Water District were noted during the audit.

Section III – Internal Control Findings

2017-001

Statement of Condition: A significant control deficiency in the District’s internal control.

Criteria: In our consideration of internal control, we noted that the size of the Bayou Lafourche Fresh Water District’s operations and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Effects of Condition: The internal control, in our judgment, could adversely affect the entity’s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause of Condition: The size of the Bayou Lafourche Fresh Water District and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Recommendation: The Board of Commissioners of the Bayou Lafourche Fresh Water District should closely monitor the day-to-day activities of the District.

Section IV – Findings and Questioned Costs – Major Federal Award Program Audit

This section is not applicable.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2017

The contact person for all corrective actions noted below is Mr. Benjamin Malbrough, Executive Director.

Section I – Internal Control and Compliance

Inadequate Internal Control

Condition: A significant control deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Commissioners of the District should closely monitor the day-to-day activities of the District.

Planned Action: The Board of Commissioners will closely monitor the day-to-day activities of the District.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Prior Findings and Resolution Matters
For the Year Ended December 31, 2017

Note: The prior findings all relate to the December 31, 2016 audit engagement.

Section I – Internal Control and Compliance Material to the Financial Statements

Inadequate Internal Control

Condition: Due to the size of the Bayou Lafourche Fresh Water District's accounting staff, there is an insufficient segregation of duties to have an effective internal control.

Recommendation: The Board of Commissioners of the Bayou Lafourche Fresh Water District should closely monitor the day-to-day activities of the District.

Status: Ongoing. The lack of segregation of duties continues to exist. The Board will monitor the day-to-day operations of the District as recommended in current finding 2017-001.

Section II – Internal Control and Compliance Material to Federal Awards

Inadequate Internal Control

Condition: Due to the size of the Bayou Lafourche Fresh Water District's accounting staff, there is an insufficient segregation of duties to have an effective internal control.

Recommendation: The Board of Commissioners of the Bayou Lafourche Fresh Water District should closely monitor the day-to-day activities of the District.

Status: Resolved.

Section III – Management Letter

This section is not applicable.

STATEWIDE AGREED-UPON PROCEDURES

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Board of Commissioners
Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

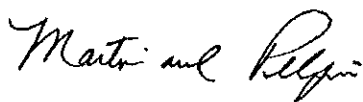
We have performed the procedures enumerated below, which were agreed to by the management of Bayou Lafourche Fresh Water District (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2017. The Organization's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are described on pages 43-60.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Houma, Louisiana
March 27, 2018

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

The required procedures and our findings are as follows:

Procedures performed on the Organization's written policies and procedures:

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

a. Budgeting, including preparing, adopting, monitoring, and amending the budget

Performance: Obtained and read the written policy for budgeting and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

b. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes

Performance: Obtained and read the written policy for purchasing and found it to contain all requirements above except for the requirement noted below.

Exceptions: The policy does not include how vendors are added to the vendor list.

Management's response: Management will consider adding this requirement to the purchasing policy.

c. Disbursements, including processing, reviewing, and approving

Performance: Obtained and read the written policy for disbursements and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

d. Receipts, including receiving, recording, and preparing deposits

Performance: Obtained and read the written policy for receipts and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

- e. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked

Performance: Obtained and read the written policy for payroll and personnel and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- f. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Performance: Obtained and read the written policy related to contracting and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- g. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

Performance: Obtained and read the written policy related to credit cards and found it to contain the requirements listed above except for the requirement listed below.

Exceptions: The portion of the policy related to fuel cards does not mention that the Executive Director approves the charges before payment on the fuel cards.

Management's response: Management will consider adding this step to the policy as it does for all other credit card types.

- h. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Performance: Obtained and read the travel and expense reimbursement policy and found it contained all requirements listed above except for the requirement below.

Exceptions: Dollar thresholds by category of expense are not disclosed. The policy only mentions that travel should be conducted in the most economical means to accomplish the business and that mileage reimbursement will be paid in accordance with the mileage allowance authorized in the State of Louisiana's Travel Guide.

Management's response: Management will consider adding dollar thresholds to the written policy.

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

- i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Performance: Obtained and read the written policy related to ethics and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- j. Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Performance: Determined that the District has no debt service. As such, this section does not apply.

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

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

Performance: Determined that the board is to meet monthly per the District's by-laws. Obtained and read the written minutes of board meetings and determined the board meeting frequency.

Exceptions: There were no exceptions.

Management's response: Not applicable.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons.

Performance: Determined that budget-to-actual comparisons are reviewed as needed.

Exceptions: There were no exceptions.

Management's response: Not applicable.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

Performance: Determined that the District was not deficit spending. As such, this section does not apply.

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

Performance: Inspected the board meeting minutes for the fiscal year and noted non-budgetary financial information.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Performance: Inspected management's documentation for accuracy of bank reconciliations.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected documentation for management approvals of each bank reconciliation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

**Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017**

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

Performance: Determined that there were no items outstanding for more than six months as of the end of the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Observed the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). For each cash collection location selected:

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

Performance: Inspected policy manuals and inquired of client as to all of the requirements.

Exceptions: The person who usually collects cash is the one responsible for making the deposit, recording each transaction, and reconciling the bank accounts.

Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-to-day activities of the District.

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

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

Performance: Inspected policy manual, as well as, inquiries of management to ensure separation of duties.

Exceptions: There are no separation of duties.

Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-to-day activities of the District.

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

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

Performance: Determined the highest dollar week of cash collections. Traced daily collections from that week to its supporting documentation and determined whether or not collections were deposited within 24 hours of receipt.

Exceptions: Two of the checks that were deposited on January 18, 2017 were stamped as received on January 12, 2017.

Management's response: The Organization will make cash deposits promptly.

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

Performance: Inspected sequentially numbered receipts, the journal of cash receipts, and deposit slips from the bank. Determined whether or not collections are supported by adequate documentation.

Exceptions: There were no exceptions.

Management's response: Not applicable.

7. Obtain existing written documentation and report whether the entity has a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections.

Performance: Inspected policy and inquired of management as to separation of duties.

Exceptions: There is no separation of duties.

Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the day-to-day activities of the District.

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

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

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Randomly selected 25 disbursements using a random number generator for check numbers. Inquired of management as to requisition/purchase orders and how invoices are approved.

Exceptions: The District only uses purchase orders for requests for purchases of materials and supplies over \$250.

Management's response: Management will consider using a formal, written purchase order/requisition system.

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

Performance: Inquired of management as to purchase approval process and reviewed purchase invoices.

Exceptions: Written purchase orders are only used for purchases of materials and supplies over \$250. Persons who initiate purchases sometimes approve those purchases. The Executive Director approves all invoices.

Management's response: There will be a separation of duties when the benefit of doing so exceeds the cost.

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

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

Performance: Inquired of management and observed approved invoices.

Exceptions: Most payments are processed without written purchase orders and receiving reports. The Executive Director approves invoices when they are received. All invoices are approved before payment is made.

Management's response: Management will consider using a formal, written purchase order/requisition system.

10. Using entity documentation, report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Performance: Inspected policy and inquired of management as to separation of duties.

Exceptions: The person responsible for recording payments in the accounting system also adds vendors to the disbursements system.

Management's response: These duties will be separated when the benefit of doing so exceeds the cost.

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

Performance: Determined if those with signatory authority and/or those who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Exceptions: There is no separation of signatory authority/final authorization for disbursements from initiating or recording purchases.

Management's response: These duties will be separated when the benefit of doing so exceeds the cost.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation and report whether the persons with signatory authority have system access to print checks.

Performance: Inquired of management, as well as, observed where the supply of unused checks is held. Determined if those with signatory authority have system access to print checks.

Exceptions: Members of management with signatory authority have access to print checks.

Management's response: Management will keep the checks locked in the safe.

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

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

Performance: Inquired of management as to whether there is a signature stamp or machine. Per management, there is no signature stamp or machine.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Performance: Observed the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

15. Using the listing prepared by management, randomly select ten cards that were used during the fiscal period, rotating cards each year.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Obtained all monthly statements for the ten cards and observed the monthly statement with the largest dollar activity for each card in order to determine that supporting documentation was reviewed and approved.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

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

Performance: Traced all credit card payments and balances on the credit card statements and determined that no finance charges or late fees were applied to balances.

Exceptions: There were no exceptions.

Management's response: Not applicable.

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

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

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

Performance: Traced each transaction to an original itemized receipt.

Exceptions: There were no exceptions.

Management's response: Not applicable.

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

Performance: Observed documentation of the purpose of each transaction.

Exceptions: There were no exceptions.

Management's response: Not applicable.

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

Performance: Management reviews all transactions and then traces each transaction to the back-up that is provided by the person incurring charge.

Exceptions: There were no exceptions.

Management's response: Not applicable.

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

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

Performance: Compared the transaction detail to the written disbursement policy.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions. If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Performance: Inspected all transactions and compared them to the requirements of Article 7, Section 14 of the Louisiana Constitution.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Obtained a list of all travel and related expense reimbursements.
Management's representation of the listing was confirmed in a separate letter.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Obtained and read the travel and expense reimbursement policy and compared the amounts in the policy to the per diem and mileage rates established by the U.S. General Services Administration.
Exceptions: Dollar thresholds by category of expense are not disclosed. The policy only mentions that travel should be conducted in the most economical means to accomplish the business and that mileage reimbursement will be paid in accordance with the mileage allowance authorized in the State of Louisiana's Travel Guide.
Management's response: Management will consider adding dollar thresholds to the written policy.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

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

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

Performance: Selected the three employees who incurred the most travel costs during the period to further select the highest travel expenditure reimbursed. Compared expense documents to the applicable rates. Only mileage reimbursements were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased.

Performance: Traced mileage to request for reimbursement and mileage reports.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Reviewed documentation of the business/public purpose for each mileage expense.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected all documents provided for all travel reimbursements selected.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

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

Performance: Considered whether the business/purpose of each transaction complied with Article 7, Section 14.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected each expense reimbursement request to find approval by supervisors.

Exceptions: As per the District's by-laws, each request was signed only by the person receiving the reimbursement.

Management's response: The Executive Director will sign off on the reimbursement requests in the future, indicating review and authorization.

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

Performance: Observed the listing of contracts in effect during the fiscal year from management and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Obtained the listing of contract vendors. Inspected each written contract that supports the services arrangement.

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

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

Performance: Determined that the Organization does not have to comply with the Public Bid Law or Procurement Code for any of the selected contracts in place.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Inspected contracts and inquired of client as to receipt of any other quotes.
Exceptions: The District received additional quotes on two of the five contracts.
Management's response: The Organization will consider receiving quotes in the future.

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

Performance: Determined whether contracts were amended during the year.
Exceptions: Two contracts were not amended. One contract was amended to extend the date. Two contracts were amended to add tasks to the original agreements. Amendments did not include a change in contract amount.
Management's response: No response was deemed necessary.

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

Performance: Inspected the invoice and compared to the written contract information to determine that the invoice and related payment complied with the terms of the contract.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

- d) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

Performance: Reviewed board minutes for documentation of board approval of contracts.

Exceptions: Two of the five contracts were not mentioned in the board minutes.

Management's response: Management will include all new contract approvals in the board minutes.

- 22. Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete.

Performance: Observed the listing of employees with their related salaries from management and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Randomly select five employees, obtain their personnel files, and review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Performance: Compared compensation in the salary schedules with payments made to employees during the fiscal year. Reviewed salary/hourly amounts in personnel files.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Reviewed the personnel files to determine if changes were approved in writing and in accordance with written policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

- a) Report whether all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: Randomly selected one pay period to test leave taken during that period. Inspected all daily attendance and leave records for proper documentation.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Confirmed that attendance and leave records were reviewed and approved by the proper supervisor.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Inquired and confirmed that the District maintains written leave records for each employee eligible for paid leave through the personnel files.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Inquired and inspected list of employees that terminated during the period and received management's representation of completeness in a separate letter. Determined that the termination payments were made in strict accordance with policy and/or contract and approved by management.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

**Bayou Lafourche Fresh Water District
Thibodaux, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Performance: Inspected payroll reporting forms, as well as, payments to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Observed the ethics course completion certificates for the employees tested.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired of management of any ethics violations. None were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired of management of any misappropriations of public funds or assets and determined that none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Bayou Lafourche Fresh Water District

Thibodaux, Louisiana

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2017

29. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired and observed such notice posted on the premises and website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected all procedures and the results of such procedures and compared them to management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.