

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

Annual Financial Report
As of and for the
Year Ended December 31, 2016

Bayou Lafourche Fresh Water District
Annual Financial Report
For the Year Ended December 31, 2016

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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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

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, 2016, 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 36 and 37 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

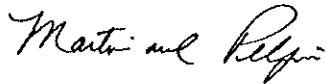
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits, and Other payments to the Executive Director on page 38 and the Schedule of Expenditures of Federal Awards on page 49, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

The Schedule of Compensation, Benefits, and Other Payments to the Executive Director and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate 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 and the Schedule of Expenditures of Federal Awards are 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 June 19, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Houma, Louisiana
June 19, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
For the Year Ended December 31, 2016

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, 2016. 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, 2016

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 \$2,196,728 or 15.8 percent.
- During the year, the District had governmental expenses of \$21,298,632 that were \$2,196,728 less than the \$23,495,360 generated in program and general revenues.
- The governmental funds reported total ending fund balance of \$15,101,880. This compares to the prior year ending fund balance of \$12,780,008 resulting in an increase of \$2,321,872.

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, 2016

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

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

Condensed Statement of Net Position

	2015	2016	Dollar Change	Percent Change
Current and other assets	\$ 17,798,478	\$ 20,616,073	\$ 2,817,595	15.8%
Capital assets, net	1,181,469	1,104,762	(76,707)	-6.5%
Total assets	18,979,947	21,720,835	2,740,888	14.4%
Deferred outflows of resources	69,753	161,819	92,066	132.0%
Current liabilities	5,019,901	5,514,193	494,292	9.8%
Long-term liabilities	74,139	211,093	136,954	184.7%
Total liabilities	5,094,040	5,725,286	631,246	12.4%
Deferred inflows of resources	13,362	18,343	4,981	37.3%
Net investment in capital assets	1,181,469	1,104,762	(76,707)	-6.5%
Restricted for special projects	20	20		
Unrestricted	12,760,809	15,034,243	2,273,434	17.8%
Total net position	\$ 13,942,298	\$ 16,139,025	\$ 2,196,727	15.8%

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, 2016

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

	2015	2016	Dollar Change	Percent Change
Total program expenses	\$ (12,922,402)	\$ (21,298,632)	\$ (8,376,230)	64.8%
Total program revenues	10,807,054	19,518,986	8,711,932	80.6%
Net program income	(2,115,348)	(1,779,646)	335,702	-15.9%
General revenues	4,414,722	3,976,374	(438,348)	-9.9%
Change in net position	2,299,374	2,196,728	(102,646)	-4.5%
Net position:				
Beginning of the year	11,642,923	13,942,297	2,299,374	19.7%
End of the year	\$ 13,942,297	\$ 16,139,025	\$ 2,196,728	15.8%

The amount spent on programs related to operating the District's office increased by 64.8%. Total program revenues increased by 80.6% or \$8,711,932 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 \$23,278,559 in total revenues, including \$3,660,112 in property taxes and \$285,028 in water sales. The General Fund reflected \$471,549 in other financing sources. Total current expenditures were \$2,204,352. After a \$2,321,872 excess of revenues over expenditures for the year, the ending fund balance was \$15,101,860, 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 \$19,223,884. The ending fund balance was \$20.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
For the Year Ended December 31, 2016

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

The projects during the year included costs for dredging, pumping capacity improvements, weir removal, the Mississippi River Reintroduction into Bayou Lafourche evaluation of benefits, the saltwater control structure, 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 and Special Revenue Fund budgets once during the year.

The District experienced favorable revenue and expenditure variances for the General Fund. The Special Revenue Fund has an unfavorable variance in revenues but is exempt from the requirement to amend the budget due to a greater than 5% unfavorable variance because the revenues are expenditure-driven (primarily federal).

CAPITAL ASSETS

Capital assets include land, furniture and equipment, vehicles, building and improvements, and construction in progress recorded at historical cost of \$4,579,742. Accumulated depreciation as of December 31, 2016 is \$3,474,980 resulting in an ending book balance of \$1,104,762. Depreciation expense of \$127,156 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:

	2015	2016
Land	\$ 133,583	\$ 133,583
Furniture and equipment	2,196,328	2,246,777
Vehicles	127,386	127,386
Buildings and improvements	1,941,256	1,941,256
Construction in progress	130,740	130,740
Total capital assets	4,529,293	4,579,742
Less accumulated depreciation	(3,347,824)	(3,474,980)
Total capital assets, net	\$ 1,181,469	\$ 1,104,762

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Discussion and Analysis
For the Year Ended December 31, 2016

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>\$ 4,171,000</u>
Special projects	1,620,000
Salaries and related benefits	1,098,150
General operating	971,900
Capital outlay	<u>202,500</u>
Total estimated expenditures	<u>3,892,550</u>
Estimated excess of revenue over expenditures	278,450
Estimated beginning fund balance	<u>15,101,860</u>
Estimated ending fund balance	<u><u>\$ 15,380,310</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, 2016

	Government Activities
Assets	
Cash and cash equivalents	\$ 12,250,997
Receivables:	
Ad valorem taxes	2,531,517
State revenue sharing	1,767
Water sales	25,109
Due from other governmental units	5,806,683
Total Current Assets	20,616,073
Capital assets, net of accumulated depreciation of \$3,474,980	1,104,762
Total Assets	21,720,835
 Deferred Outflows of Resources	 161,819
Liabilities	
Accounts payable	5,487,619
Accrued payroll	26,574
Total Current Liabilities	5,514,193
Net pension liability	95,622
Accrued compensated absences payable	59,381
Other post-employment benefit liability	56,090
Total Long-term Liabilities	211,093
Total Liabilities	5,725,286
 Deferred Inflows of Resources	 18,343
Net Position	
Net investment in capital assets	1,104,762
Restricted	20
Unrestricted	15,034,243
Total Net Position	\$ 16,139,025

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Statement of Activities
December 31, 2016

	Government Activities
REVENUES	
Operating grants and contracts	\$ 19,233,958
Charges for services	285,028
	19,518,986
TOTAL REVENUES	
EXPENSES	21,298,632
GENERAL REVENUES	
Ad valorem taxes	3,660,112
State revenue sharing	99,461
Settlement of claim	85,000
Insurance proceeds	72,476
Pension revenues	53,012
Interest income	6,313
	3,976,374
TOTAL GENERAL REVENUES	
CHANGE IN NET POSITION	2,196,728
NET POSITION - Beginning	13,942,297
NET POSITION - Ending	\$ 16,139,025

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Balance Sheet
Governmental Fund Type
December 31, 2016

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General Fund</u>	<u>CIAP Special Revenue</u>	
Assets			
Cash and cash equivalents	\$ 12,250,977	\$ 20	\$ 12,250,997
Receivables:			
Ad valorem taxes	2,531,517		2,531,517
State revenue sharing	1,767		1,767
Water sales	25,109		25,109
Due from other governmental units	10,074	5,796,609	5,806,683
Due from other fund	402,163	-	402,163
Total Assets	<u>\$ 15,221,607</u>	<u>\$ 5,796,629</u>	<u>\$ 21,018,236</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 93,173	\$ 5,394,446	\$ 5,487,619
Accrued payroll	26,574	-	26,574
Due to other fund	-	402,163	402,163
Total Liabilities	<u>119,747</u>	<u>5,796,609</u>	<u>5,916,356</u>
Fund Balance:			
Restricted for:			
Special projects	-	20	20
Unassigned	15,101,860	-	15,101,860
Total Fund Balance	<u>15,101,860</u>	<u>20</u>	<u>15,101,880</u>
Total Liabilities and Fund Balance	<u>\$ 15,221,607</u>	<u>\$ 5,796,629</u>	<u>\$ 21,018,236</u>

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, 2016

	General Fund	CIAP Special Revenue	Totals
REVENUES			
Intergovernmental:			
Special projects	\$ -	\$ 19,223,884	\$ 19,223,884
State revenue sharing	99,461	-	99,461
FEMA grant	10,074	-	10,074
Ad valorem taxes	3,660,112	-	3,660,112
Water sales	285,028	-	285,028
Total Revenues	4,054,675	19,223,884	23,278,559
EXPENDITURES			
General government - current:			
Special projects	380,801	18,916,124	19,296,925
Salaries	565,552	-	565,552
Utilities	317,561	-	317,561
Group insurance	191,213	-	191,213
Insurance - general	167,760	-	167,760
Ad valorem deduction for pension	139,007	-	139,007
Legal fees	104,329	-	104,329
Repairs and maintenance	65,051	-	65,051
Payroll taxes	44,820	-	44,820
Retirement expense	43,982	-	43,982
Material and supplies	28,306	-	28,306
Monitoring gauge expense	22,175	-	22,175
Accounting fees	14,750	-	14,750
Computer expense	11,540	-	11,540
Fuel and lube	11,524	-	11,524
Telephone	10,802	-	10,802
Public outreach	8,306	-	8,306
Office expense	7,543	-	7,543
Engineering fees	5,000	-	5,000
Miscellaneous expense	4,216	-	4,216
Mileage and travel	3,016	-	3,016
Executive Director expenses	2,835	-	2,835
Dues and subscriptions	2,076	-	2,076
Legal publications	1,738	-	1,738
Total current expenditures	2,153,903	18,916,124	21,070,027
Capital outlay	50,449	-	50,449
Total Expenditures	2,204,352	18,916,124	21,120,476
OTHER FINANCING SOURCES			
Settlement of claim	85,000	-	85,000
Insurance proceeds	72,476	-	72,476
Interest	6,313	-	6,313
Operating transfers in (out)	307,760	(307,760)	-
Total Financing Sources	471,549	(307,760)	163,789
Excess Revenues Over Expenditures	2,321,872	-	2,321,872
FUND BALANCES			
Beginning of year	12,779,988	20	12,780,008
End of year	\$ 15,101,860	\$ 20	\$ 15,101,880

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, 2016

Fund balance - governmental fund	\$ 15,101,880
<p style="margin-left: 40px;">Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capital assets of \$4,579,742, net of accumulated depreciation of \$3,474,980, are not financial resources and, therefore, are not reported in the governmental funds.	1,104,762
Deferred outflows of resources related to net pension liability are not available resources, and therefore, are not reported in the funds.	161,819
<p style="margin-left: 40px;">Liabilities not due and payable in the current period and, therefore, are not reported in the funds:</p>	
Net pension liability	(95,622)
Compensated absences	(59,381)
Other post-employment benefits	(56,090)
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>(18,343)</u>
Net position of governmental activities	<u><u>\$ 16,139,025</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, 2016

Change in fund balance - governmental fund		\$ 2,321,872
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures, whereas in the statement of activities, these costs are depreciated over their estimated useful lives.</p>		
Depreciation expense	(127,156)	
Capital outlays	50,449	(76,707)
<p>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 2016:</p>		
Compensated absences	(37,142)	
Other post-employment benefits	(4,190)	(41,332)
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability		(7,105)
Change in net position of government activities		\$ 2,196,728

See accompanying notes.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2016

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, 2016

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, 2016

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

activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

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, 2016

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, 2016

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:

Category	Life
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, 2016

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, 2016, the District accrued \$59,381 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 State of Louisiana Department of Coastal Protection and Restoration 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, 2016

Note 2 – Deposits (Cont.)

The year end balances of deposits are as follows:

	Bank Balance	Reported Amount
Cash	\$12,323,727	\$12,250,997

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, 2016, \$12,003,691 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 – Due from Other Governmental Units

The due from other governmental units balance consists of the following:

Due From	General Fund	Special Revenue Fund	Total
Louisiana Coastal Protection & Restoration Authority	\$ -	\$ 5,274,444	\$ 5,274,444
Assumption Parish Policy Jury	-	522,165	522,165
Federal Emergency Management Agency	10,074	-	10,074
	\$ 10,074	\$ 5,796,609	\$ 5,806,683

Note 4 – Capital Assets

A summary of changes in capital assets follows:

	January 1, 2016	Additions	Deletions	December 31, 2016
Capital assets, not being depreciated:				
Land	\$ 133,583	\$ -	\$ -	\$ 133,583
Construction in progress	130,740	-	-	130,740
Total capital assets not being depreciated	264,323	-	-	264,323

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2016

Note 4 – Capital Assets (Cont.)

Capital assets being depreciated:				
Equipment	\$ 2,196,328	\$ 50,449	\$ -	\$ 2,246,777
Buildings	1,941,256	-	-	1,941,256
Vehicles	127,386	-	-	127,386
	<hr/>			
Total capital assets being depreciated	4,264,970	50,449	-	4,315,419
	<hr/>			
Less accumulated depreciation:				
Equipment	(1,572,931)	(110,395)	-	(1,683,326)
Buildings	(1,660,831)	(11,047)	-	(1,671,878)
Vehicles	(114,062)	(5,714)	-	(119,776)
Accumulated depreciation	(3,347,824)	(127,156)	-	(3,474,980)
	<hr/>			
Totals	\$ 1,181,469	\$ (76,707)	\$ -	\$ 1,104,762
	<hr/>			

The drainage improvement project totaling \$130,740 was in progress as of December 31, 2016.

For the year ended December 31, 2016, depreciation expense was \$127,156.

Note 5 – 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.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2016

Note 5 – Property Taxes (Cont.)

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.

Note 6 – Intergovernmental Revenue for Special Projects

Intergovernmental revenue for special projects consists of the following:

Government	General Fund	Special Revenue Fund	Total
Louisiana Coastal Protection & Restoration Authority	\$ -	\$ 15,859,959	\$ 15,859,959
Assumption Parish Policy Jury	-	3,363,925	3,363,925
Federal Emergency Management Agency	10,074	-	10,074
	<u>\$ 10,074</u>	<u>\$ 19,223,884</u>	<u>\$ 19,233,958</u>

Note 7 – 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

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2016

Note 7 – Pension and Retirement Plans (Cont.)

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, 2015, there were 217 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.

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

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2016

Note 7 – Pension and Retirement Plans (Cont.)

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 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.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2016

Note 7 – Pension and Retirement Plans (Cont.)

Employer Contributions: Employer contributions are actuarially determined each year. For the year ended December 31, 2016, employer and employee contributions were 8.0% and 3.0%, respectively.

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, 2016, the District reported liabilities in its government-wide financial statements of \$95,622 for its proportionate share of the net pension liabilities of the System. The net pension liabilities were measured as of December 31, 2015 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, 2015, the District's proportion share of the System was .537063%, which was an increase of .022189% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the District recognized a pension expense of \$57,522 in its governmental activities related to its participation in the System.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2016

Note 7 – Pension and Retirement Plans (Cont.)

As of December 31, 2016, 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	\$ -	\$ 18,049
Changes in assumptions	12,482	-
Net difference between projected and actual earnings on pension plan investments	105,355	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	294
Employer contributions subsequent to the measurement date	<u>43,982</u>	<u>-</u>
	<u>\$ 161,819</u>	<u>\$ 18,343</u>

Deferred outflows of resources of \$43,982 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, 2017. 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>	
2016	\$ 24,347
2017	24,347
2018	28,993
2019	<u>21,807</u>
Total	<u>\$ 99,494</u>

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

Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal Cost

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2016

Note 7 – Pension and Retirement Plans (Cont.)

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.

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, 2015.

	<u>Changes in Discount Rate:</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	6.0%	Discount Rate 7.0%	8.0%
Net Pension Liability	<u>\$ 282,405</u>	<u>\$ 95,622</u>	<u>\$ (61,908)</u>

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2016

Note 7 – Pension and Retirement Plans (Cont.)

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, 2016, the District recognized revenue as a result of support received from the non-employer contributing entities of \$53,012 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 8 – 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, 2016. The Commission's liability related to the plan as of December 31, 2016 is \$56,090.

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.

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, 2016 is \$13,568 as set forth below.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2016

Note 8 – Other Post-Employment Benefits (Cont.)

Normal cost	\$ 5,257
30-year Unfunded Actuarial Accrued Liability amortization	8,311
	Annual required contribution
	\$ 13,568

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	\$ 13,568
Interest on net OPEB obligation	2,076
Adjustment to annual required contribution	(3,404)
Annual OPEB cost (expense)	12,240
Contributions made	(8,050)
Increase in net OPEB obligation	4,190
Net OPEB obligation as of January 1, 2016	51,900
Net OPEB obligation as of December 31, 2016	\$ 56,090

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2016 is as follows:

Year Ended December 31,	Annual OPEB Cost	Annual OPEB Cost	Net OPEB Obligation
2014	\$ 12,470	70.7%	\$ 46,558
2015	12,377	56.8%	51,900
2016	12,240	65.8%	56,090

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2016 was as follows:

Actuarial accrued liability (AAL)	\$ 126,719
Actuarial valuation of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 126,719
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

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2016

Note 8 – Other Post-Employment Benefits (Cont.)

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, 2016 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: Healthy Lives – RP 2000 projected to 2016 scale using scale AA.
3. 80% of employees who elect coverage while in active employment and who are eligible for retiree medical benefits are assumed to elect continued medical coverage in retirement. For those who elect coverage, it is assumed that they will continue to be covered by the same plan as retirees that they were while active.
4. 40% of members electing coverage are assumed to also elect coverage for a spouse.
5. Wives are assumed to be three years younger than husbands for active employees.
6. For actives and retirees, the life insurance amount was provided by the Bayou Lafourche Fresh Water District, and their annual premium was calculated as \$1 per unit of insurance per month. The District pays 50% of the life insurance premium.
7. It is assumed that 30% of the active employees will elect life coverage upon retirement.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2016

Note 8 – Other Post-Employment Benefits (Cont.)

8. Medical inflation:

Year	Trend	Year	Trend
2009	7.8%	2037-2038	5.0%
2010	7.2%	2039-2042	4.9%
2011	6.3%	2043-2047	4.8%
2012-2013	5.8%	2048-2053	4.7%
2014-2017	5.7%	2054-2062	4.6%
2018-2022	5.6%	2063-2075	4.5%
2023-2027	5.5%	2076	4.4%
2028-2032	5.4%	2077-2078	4.2%
2033	5.3%	2079-2085	4.1%
2034	5.2%	2086	4.0%
2035-2036	5.1%		

9. Bayou Lafourche Fresh Water District covers a portion of the medical and life benefit premiums based on years of participation. Below are the monthly maximum dollar amounts:

Years of Service	Maximum Dollar Amount of District Subsidy	Years of Service	Maximum Dollar Amount of District Subsidy
15	\$ 150	27	\$ 330
16	165	28	345
17	180	29	360
18	195	30	375
19	210	31	395
20	225	32	410
21	240	33	443
22	255	34	440
23	270	35	445
24	285	36	470
25	300	37	485
26	315	38	500

Note 9 – 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.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2016

Note 10 – Special Projects

Federal money received from the Louisiana Coastal Protection & Restoration Authority and the Assumption Parish Police Jury mentioned in Note 6 is utilized for the costs of special projects. The projects during the year included costs for dredging, pumping capacity improvements, weir removal, the Mississippi River Reintroduction into Bayou Lafourche evaluation of benefits, the saltwater control structure, the Union Pacific bridge design, and the Pedestrian Bridge.

Note 11 – Compensation of Board Members

The following amounts were paid to commissioners for the year ended December 31, 2016:

Ray Mayet	\$ 825
Eli Miles, Jr.	825
Gregory Nolan	825
Donald Scwab	825
Lance Authement	750
Christopher Domangue	750
Gene Harrell	675
Edward Gaidry	525
Ron Animashaun	300
Hugh Caffery	-
Jake Giardina	-
Francis Richard	-
	<hr/>
Total	<u><u>\$ 6,300</u></u>

Note 12 – Litigation and Claims

The District is involved in several cases of litigation as of December 31, 2016. 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, 2016.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to Financial Statements
As of and for the Year Ended December 31, 2016

Note 13 – Subsequent Events

On March 20, 2017, the District purchased property in Donaldsonville for \$152,995 for the purpose of building a new pump station in the future.

Subsequent events were evaluated through June 19, 2017, 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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad valorem taxes	\$ 3,801,000	\$ 3,903,500	\$ 3,660,112	\$ (243,388)
Water sales	262,000	292,700	285,028	(7,672)
Intergovernmental:				
State revenue sharing	90,000	94,845	99,461	4,616
State reimbursements	40,000	-	10,074	10,074
Other financing sources:				
Operating transfers in	-	-	307,760	307,760
Settlement of claim	-	85,000	85,000	-
Insurance proceeds	-	72,476	72,476	-
Interest	6,000	6,500	6,313	(187)
Miscellaneous income	2,000	-	-	-
Total Revenues	4,201,000	4,455,021	4,526,224	71,203
EXPENDITURES				
General government - current:				
Salaries	596,200	599,200	565,552	33,648
Special projects	4,335,000	522,784	380,801	141,983
Utilities	312,500	285,550	317,561	(32,011)
Group insurance	180,000	189,800	191,213	(1,413)
Insurance - general	266,500	165,000	167,760	(2,760)
Ad valorem deduction for pension	130,000	140,666	139,007	1,659
Legal fees	130,000	122,500	104,329	18,171
Repairs and maintenance	111,000	231,712	65,051	166,661
Payroll taxes	55,000	55,000	44,820	10,180
Retirement expense	55,000	50,000	43,982	6,018
Material and supplies	23,000	30,000	28,306	1,694
Monitoring gauge expense	45,000	30,000	22,175	7,825
Accounting fees	15,000	9,500	14,750	(5,250)
Computer expense	5,000	9,000	11,540	(2,540)
Fuel and lube	30,000	11,000	11,524	(524)
Telephone	12,000	12,000	10,802	1,198
Office expense	10,000	7,500	7,543	(43)
Engineering fees	5,000	5,000	5,000	-
Miscellaneous expense	14,100	6,275	4,216	2,059
Mileage and travel	3,000	3,250	3,016	234
Executive Director expenses	5,000	3,000	2,835	165
Dues and subscriptions	1,200	2,000	2,076	(76)
Legal publications	10,000	5,000	1,738	3,262
Public outreach	32,500	12,923	8,306	4,617.00
Capital outlay	107,500	49,841	50,449	(608)
Total Expenditures	6,489,500	2,558,501	2,204,352	354,149
Excess (deficiency) of revenues over expenditures	(2,288,500)	1,896,520	2,321,872	425,352
FUND BALANCES				
Beginning of year	9,406,030	9,728,610	12,779,988	3,051,378
End of year	\$ 7,117,530	\$ 11,625,130	\$ 15,101,860	\$ 3,476,730

See Independent Auditor's Report.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
 Budgetary Comparison Schedule – Special Revenue Fund
 Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Special projects	\$ 18,231,075	\$ 23,207,246	\$ 19,223,884	\$ (3,983,362)
EXPENDITURES				
General government - current:				
Special projects	18,231,075	23,207,246	18,916,124	4,291,122
Operating transfers out	-	-	307,760	(307,760)
TOTAL EXPENDITURES	18,231,075	23,207,246	19,223,884	3,983,362
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCES				
Beginning of year	-	-	20	20
End of year	\$ -	\$ -	\$ 20	\$ 20

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, 2016

Agency Head Name: Mr. Benjamin Malbrough, Executive Director

Purpose	Amount
Salary	\$ 134,492
Benefits - retirement	17,504
Benefits - insurance	16,894
Reimbursements	760
Vehicle provided by government	663
Car allowance/automobile expense	-
Conference travel	-
Registration fees	-
Membership fees	-
Deferred compensation	-
Per diem	-
Service fees	-
Benefits - other	-
Travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

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

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS
AND UNIFORM GUIDANCE**

**Martin
and
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Houma, Louisiana 70360

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**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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 19, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency. This item is listed as 2016-001.

Compliance and Other Matters

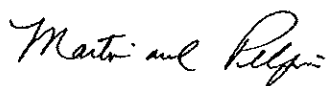
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 Questioned Costs. 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 Legislative Auditor for the State of Louisiana 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 Legislative Auditor as a public document.



Houma, Louisiana
June 19, 2017

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

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 2016-001) 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. One significant control deficiency (see finding 2016-002) was noted during the audit of internal control over the major federal award program. This significant control deficiency was not considered a material weakness.
5. The auditor’s report on compliance for the major federal award program for the Bayou Lafourche Fresh Water District expresses an unmodified opinion on the major federal program.
6. No audit findings relative to the major federal award program were noted.
7. The program tested as a major program was the U.S. Department of the Interior Coastal Impact Assistance Program, CFDA #15.668.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Bayou Lafourche Fresh Water District does not qualify as a low-risk auditee.
10. 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

2016-001

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

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Section III – Internal Control Findings (Cont.)

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

2016-002

Statement of Condition: A significant control deficiency in the District's internal control over federal awards.

Criteria: In our consideration of internal control over federal awards, 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 related to federal award 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, as related to federal awards, of the District.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Management's Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2016

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

Inadequate Internal Control

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

Recommendation: The Board of Commissioners of the District should closely monitor the accounting for federal awards.

Planned Action: The Board of Commissioners will closely monitor the accounting for federal awards.

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, 2016

Note: The prior findings all relate to the December 31, 2015 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: No recommendation was made.

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 2016-001.

Budget Amendment

Condition: The District did not amend its budget during the year in accordance with state budgetary law.

Recommendation: It was recommended that the District amend its budget when there is a 5% unfavorable variance in revenues or expenditures.

Planned Action: The District will implement the recommendation as detailed above.

Status: Resolved.

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: No recommendation was made.

Status: Ongoing. The lack of segregation of duties continues to exist. The Board will monitor the accounting of federal awards as recommended in current finding 2016-002.

Budget Amendment

Condition: The District did not amend its budget during the year in accordance with state budgetary law.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Prior Findings and Resolution Matters
For the Year Ended December 31, 2016

Section II – Internal Control and Compliance Material to Federal Awards (Cont.)

Recommendation: It was recommended that the District amend its budget when there is a 5% unfavorable variance in revenues or expenditures.

Planned Action: The District will implement the recommendation as detailed above.

Status: Resolved.

Section III – Management Letter

This section is not applicable.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Commissioners
Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Bayou Lafourche Fresh Water District's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2016. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Bayou Lafourche Fresh Water District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

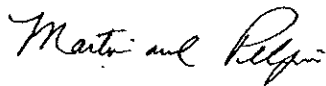
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that are not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002 that we consider to be a significant deficiency.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana

The District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. This report is intended solely for the information and use of management, federal awarding agencies, pass-through entities, and the Legislative Auditor for the State of Louisiana 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 Legislative Auditor as a public document.



Houma, Louisiana
June 19, 2017

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Contract Number	Federal Expenditures
<u>U.S. DEPARTMENT OF THE INTERIOR/</u>			
<u>Fish and Wildlife Service/</u>			
<u>Pass-through payments from the Louisiana Coastal</u>			
<u>Protection and Restoration Authority</u>			
Coastal Impact Assistance Program	15.668	N/A	\$ 15,552,199
<u>Pass-through payments from the Assumption Parish</u>			
<u>Policy Jury</u>			
Coastal Impact Assistance Program	15.668	N/A	<u>3,363,925</u>
			<u>\$ 18,916,124 *</u>

* Denotes a major program

See Independent Auditor's Report.

Bayou Lafourche Fresh Water District
Thibodaux, Louisiana
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Bayou Lafourche Fresh Water District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note B – Definition of a Major Program

The Single Audit Act defines a major program based on the total federal awards expended during the year.

Note C – CFDA Number

The CFDA number included in this report was determined based on the program name, review of grant contract information, and the OMB's Catalogue of Federal Domestic Assistance.

Note D – Indirect Cost Rate

The District did not elect to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.