

DIAMONDHEAD WATER AND SEWER DISTRICT
REGULAR MEETING MINUTES
November 9, 2017 – 6:00 p.m. (Central Time)
City Hall, Diamondhead, MS 39525

PRESENT: Secretary/Treasurer David Boan; Commissioner Dick Nolan, Commissioner John Kirschenbaum, and Commissioner Kenny Edmonds.

ABSENT: None.

ALSO PRESENT: District Counsel Tricia Tisdale, Boyce Holleman & Associates; Nancy Depreo, Seymour Engineering; and Director of Operations, Joe Higginbotham.

The presence of a quorum was noted and the meeting was called to order at 6:00 p.m. The public was duly notified in compliance with the District's open meeting policy.

Commissioner Boan mentioned the Special Board Meeting held on November 7, 2017 to hold interviews for the General Manager position. During the meeting there were two Motions approved unanimously as follows:

(1) Motion by Commissioner Kirschenbaum, second by Commissioner Edmonds to create a new position of Business/Office Manager.

(2) Motion by Commissioner Kirschenbaum, second by Commissioner Nolan to authorize Commissioner Boan to approach the applicants for the position of General Manager and Business/Office Manager to follow-up with interview questions as follows: continued interest in the position, availability, and to negotiate employment terms contingent upon final Board approval at the November 9, 2017 regular meeting.

4. **Approve Agenda.** *Motion by Commissioner Edmonds, second by Commissioner Kirschenbaum to amend the agenda to add Item 11.5 to discuss and/or possible action regarding employment offers for the GM and Business/Office Manager positions. Motion carried unanimously.*

5. **Public Comments.** Scott Burge with A. Garner Russell Associates addressed the Board regarding radio read meters.

6. **GM's Report by Director of Operations.**

6.1. **WWTP Construction Project.**

6.1.A. Volkert, Inc. has provided the District with As Built plans (electronic and original copies) and a digital copy of the Project Wise files. Disks have been prepared to send to MDEQ and MEMA.

6.2. Lift Station Repair & Mitigation.

- 6.2.A. Lift Station Progress meeting was held on 11/9/17. The project is on schedule. The progress schedule, the 2nd pay request, and the work to be completed in December were discussed at the meeting. The Contractor is working on LS 7 and 26, and all project signs have been installed.

6.3. Utility Service Study.

- 6.3.A. The Utility Service Study Project kick off meeting was held on 11/2/17. The scope and format of the project were discussed. All requested information from Linfield, Hunter and Junius to begin the work has been sent to them.
- 6.4. Item 11.1. on the agenda is a motion for approval to designate Commissioner Kirschenbaum as the signatory for the monthly DMR reports required by MDEQ.
- 6.5. Item 11.2. on the agenda is a motion to authorize Necaise & Company, PLLC to conduct the 2016/2017 Audit, which is scheduled to begin on Tuesday, November 14, 2017 and is anticipated to be presented to the Board just after the first of the year.
- 6.6. Item 11.3. on the agenda is a motion to approve the 2018 State Holidays as the official holidays for the District with the exception of a substitution for Confederate Memorial Day on the last Monday of April to Good Friday on March 30, 2018.
- 6.7. Item 11.4. on the agenda is the District's Organizational Chart for informational purposes. No action is required by the Board for this item.

7. Minutes.

7.1. Motion by Commissioner Edmonds, second by Commissioner Nolan to approve the Minutes for the Regular Meeting held on October 26, 2017. Motion carried unanimously. (Attachment A).

7.2. Motion by Commissioner Kirschenbaum, second by Commissioner Nolan to approve the Minutes for the Special Meeting held on November 2, 2017. Motion carried unanimously. (Attachment B).

8. Construction Projects.

8.1. WWTP Construction Project. Update in the GM's report.

8.2. Lift Station Repair and Mitigation PW8429, PW11280 and PW11247. Update in the GM's report.

9. Financial Motions.

9.1. Motion by Commissioner Kirschenbaum, second by Commissioner Nolan to approve the Docket of Claims in the amount of \$95,749.40. Motion carried unanimously. (Attachment C).

Report by Secretary/ Treasurer - Mr. David Boan.

9.2. Treasurer's Report 10/31/2017. (Attachment D)

9.3. Revenue & Expense Summary Report 10/31/2017. (Attachment E)

10. Old Business. None.

11. New Business / Discussion Item.

11.1. Motion by Commissioner Nolan, second by Commissioner Edmonds to designate Commissioner Kirschenbaum to be to the signatory for the Mississippi Department of Environmental Quality monthly Discharge Monitoring Report (DMR). Motion carried unanimously. (Attachment F).

11.2. Motion by Commissioner Nolan, second by Commissioner Kirschenbaum to authorize Comptroller and Secretary/ Treasurer to sign the engagement letter with Necaise & Company, PLLC, CPA for the 2016/2017 Fiscal Audit. Motion carried unanimously. (Attachment G).

11.3. Motion by Commissioner Edmonds, second by Commissioner Kirschenbaum to approve the 2018 DWSD Holidays schedule. Motion carried unanimously. (Attachment H).

11.4.Updated DWSD Organizational Chart for information. No action taken.

11.5.Motion by Commissioner Boan, second by Commissioner Kirschenbaum to discuss or take possible action to consider the positions of GM and Business/Office Manager. Motion carried unanimously.

11.6. Motion by Commissioner Edmonds, second by Commissioner Kirschenbaum to go into closed session @ 6:21pm to discuss the need for Executive Session. Motion carried unanimously.

Motion by Commissioner Edmonds, second by Commissioner Kirschenbaum to exit closed session. Motion carried unanimously.

Motion by Commissioner Edmonds, second by Commissioner Kirschenbaum @ 6:25pm to go into Executive Session to discuss personnel matters. Motion carried unanimously.

Motion by Commissioner Kirschenbaum, second by Commissioner Nolan to exit Executive Session @ 7:20pm. Motion carried unanimously.

No action taken in Executive Session.

11.7.Motion by Commissioner Edmonds, second by Commissioner Nolan to hire David Carden as the GM Select until 1/1/18 at which time he will become the General Manager; and to hire John Cumberland as the Business/Office Manager effective 11/13/17. Motion carried unanimously.

11.8.Motion by Commissioner Kirschenbaum, second by Commissioner Edmonds to name Commission Boan as the Transition Team Leader. Motion carried unanimously.

11.9. Legal Counsel provided the Board with a copy of District Policy 2015-013 (Open Meetings Policy) for review, together with a copy of State of MS H.B. No. 1106 17/HR43/R1483SG on Reverse Auctions and Electronic Bidding.

12. Next meeting.

The next meeting of the Board of Commissioners is scheduled for November 30, 2017 at 6:00PM at Diamondhead City Hall, 5000 Diamondhead Circle, Diamondhead, MS.

**13. Adjournment@7:33pm. Motion by Commissioner Nolan, second by Commissioner Edmonds.
Motion carried unanimously.**




Chairman


Date

**DIAMONDHEAD WATER AND SEWER DISTRICT
REGULAR MEETING MINUTES
October 26, 2017 – 6:00 p.m. (Central Time)
City Hall, Diamondhead, MS 39525**

PRESENT: Secretary/Treasurer David Boan; Commissioner Dick Nolan, Commissioner John Kirschenbaum, and Commissioner Kenny Edmonds.

ABSENT: None.

ALSO PRESENT: District Counsel Tricia Tisdale, Boyce Holleman & Associates; Nancy Depreo, Seymour Engineering; Toni Wilson, Comptroller; and Director of Operations, Joe Higginbotham.

The presence of a quorum was noted and the meeting was called to order at 6:00 p.m. The public was duly notified in compliance with the District's open meeting policy.

4. Approve Agenda.

Motion by Commissioner Nolan, second by Commissioner Kirschenbaum to amend the agenda to table Item 11.1. until the 11/9/17 Board meeting and to approve as amended. Motion carried unanimously.

5. Public Comments.

5.1. Special Presentation of appreciation plaques to former Commissioners L'Ecuyer, Malley, & Schafer.

5.2. Mr. Durell Pellegrin, citizen of Diamondhead, addressed the Board regarding the number of resumes received by the DWSD for the GM position.

6. GM's Report by Director of Operations.

6.1. WWTP Construction Project.

6.1.A. Volkert, Inc. will be providing the District with As Built plans (electronic and original copies) and Project Wise files by Wednesday, November 1, 2017.

6.1.B. Item 8.1.B on the agenda is a motion to approve the release of the final retainage to Max Foote Construction in the amount of \$1,213,813.40 based upon Volkert, Inc.'s recommendation.

6.1.C. FEMA has granted the DWSD's request for a the time extension for PW's 11240, 11280, 8429 and 11247 until December 31, 2018.

6.2. Lift Station Repair & Mitigation.

Bruce Newton of Digital Engineering provided a status report for the Lift Station Repair & Mitigation Project.

- 6.2.A. Item 8.2.A. on the agenda is a motion to approve Digital Engineering's invoice No.13 for special services in the amount of \$16,073.24.
- 6.2.B. Item 8.2.B. on the agenda is a motion to approve Pay Request No. 1 from Magnolia Construction Company, LLC in the amount of \$123,453.60.
- 6.2.C. Construction work has begun on Lift Station 7, Lift Station 1, and Lift Station 26. The next progress meeting is scheduled for November 9, 2017 @ 1:00 pm.

6.3. Utility Service Study.

- 6.3. A. Item 8.3.A. on the agenda is a motion to approve the contract with Linfield, Hunter & Junius, Inc. for a Utility Service Study with a cost not to exceed \$62,000.
- 6.3.B. The Kick Off Meeting for the Utility Service Study is scheduled for Thursday, November 2, 2017 @ 2:00 pm in the District's meeting trailer.

6.4. New Business.

- 6.4.A. Item 11.1. on the agenda is a motion to approve the current Rate and Fee Schedule as mandated by the MSDH for annual review by the Board of Commissioners. (Tabled).
- 6.4.B. Item 11.3. on the agenda is a motion to approve the 2017-2018 Fiscal Year Board meeting dates as set by Board order at the March 3, 2015 Special Meeting and the time as set by Board order at the May 20, 2015 Special Meeting.
- 6.4.C. Item 11.4. on the agenda is a motion to approve the 2017 Thanksgiving, Christmas and New Year's Holidays as per the Governor's Proclamation dated October 13, 2017.
- 6.4.D. Item 11.5. on the agenda is a motion to replace Thomas Schafer as the District's MEMA alternate agent. The purpose of the alternate agent is to be available in the event the applicant agent is not available to attend MEMA meetings and/or sign documents.
- 6.4.E. Item 11.6. on the agenda is a motion to approve the low quote in the amount of \$34,640.00 from Sansom Equipment for the CCTV software, laptop, training and camera lift. The budgeted amount for Capital Outlay I & I Project Purchases is \$30,000.

7. Minutes.

7.1. Motion by Commissioner Nolan, second by Commissioner Kirschenbaum to approve the Minutes for the Regular Meeting held on October 12, 2017. YAY: Nolan, Kirschenbaum, & Boan. NAY: None. RECUSED: Edmonds. Motion carried. (Attachment A).

8. Construction Projects.

8.1.WWTP Construction Project. Update in the GM's report.

8.1. A. Motion by Commissioner Nolan, second by Commissioner Edmonds to approve Invoice No.24 from Volkert Inc. for special services in the amount of \$8,062.50 for the time period September 16, 2017 to October 13, 2017. Motion carried unanimously. (Attachment B).

8.1.B. Motion by Commissioner Nolan, second by Commissioner Kirschenbaum to release retainage in the amount of \$1,213,813.40 to Max Foote Construction based upon the recommendation of Volkert, Inc., the Project Engineer. Motion carried unanimously. (Attachment C).

8.2. Lift Station Repair and Mitigation PW8429, PW11280 and PW11247.
Update on GM's Report.

8.2.A. Motion by Commissioner Nolan, second by Commissioner Edmonds to approve Pay Request No.13 from Digital Engineering for special services in the amount of \$16,073.24 for the time period September 17, 2017 to October 14, 2017. Motion carried unanimously. (Attachment D).

8.2.B. Motion by Commissioner Nolan, second by Commissioner Kirschenbaum to approve Pay Request No. 1 from Magnolia Construction Company, LLC. in the amount of \$123,453.60 for the time period October 2, 2017 to October 13, 2017. Motion carried unanimously. (Attachment E).

8.3. Utility Service Study.

8.3.A. Motion by Commissioner Boan, second by Commissioner Kirschenbaum to approve the contract with Linfield, Hunter & Junius, Inc. for a Utility Service Study with a cost not to exceed \$62,000 and to execute same. Motion carried unanimously. (Attachment F).

9. Financial Motions.

9.1. Motion by Commissioner Boan, second by Commissioner Nolan to approve the Docket of Claims in the amount of \$40,582.73. Motion carried unanimously. (Attachment G).

Unapproved Docket of Claims.

(Attachment H)

(Approved by Board Motions on this agenda)

10. Old Business. None.

11. New Business / Discussion Item.

~~11.1. Motion to approve the current Rates and Fees schedule dated October 1, 2016 for the 2017-2018 Fiscal year.~~

11.2. Motion by Commissioner Nolan, second by Commissioner Boan to spread upon the minutes Resolution 2018-002 passed by the City of Diamondhead to appoint Kenny Edmonds, Jr. as a Commissioner to the Diamondhead Water and Sewer District with term expiring September 28, 2020. YAY: Nolan, Boan, & Kirschenbaum. NAY: None. RECUSED: Edmonds. Motion carried. (Attachment I).

11.3. Motion by Commissioner Boan, second by Commissioner Nolan to approve the Board meeting dates for the 2017-2018 Fiscal Year. Motion carried unanimously. (Attachment J).

11.4. Motion by Commissioner Boan, second by Commissioner Nolan to approve 2017 Thanksgiving, Christmas and New Year's Holidays as per the Governor's Proclamation dated October 13, 2017. Motion carried unanimously. (Attachment K).

Thanksgiving Holidays – Thursday, November 23 and Friday, November 24, 2017
Christmas – Monday, December 25, 2017 and Tuesday, December 26, 2017
New Year's - Monday, January 1, 2018

11.5. Motion by Commissioner Nolan, second by Commissioner Edmonds to request MEMA to remove Thomas Schafer as the current alternate agent for DWSD and name Toni Wilson as the Alternate Agent for FEMA-1604-DR-MS – Diamondhead Water & Sewer District FIPS# 045-01FE3-00. Motion carried unanimously. (Attachment L).

11.6. Motion by Commissioner Nolan, second by Commissioner Kirschenbaum to approve the low quote from Sansom Equipment in the amount of \$34,640.00 for the CCTV camera lift, software and laptop. Motion carried unanimously. (Attachment M).

12. Executive Session.

Motion by Commissioner Boan, second by Commissioner Kirschenbaum to go into Closed Session @ 6:27pm to discuss the need of entering into Executive. Motion carried unanimously.

Motion by Commissioner Nolan, second by Commissioner Edmonds to come out of Closed Session @ 6:41pm. Motion carried unanimously.

Commissioner Boan advised the public that eight (8) resumes were received for the advertised GM position. Four (4) of the resumes were received via email and four (4) were received at the Post Office. Resumes received at the Post Office were placed into a signed sealed envelope by the Postmaster and not opened until the public meeting.

Motion by Commissioner Boan, second by Commissioner Nolan to go into Executive Session @ 6:43pm to discuss personnel issues. Motion carried unanimously.

Motion by Commissioner Nolan, second by Commissioner Boan to come out of Executive Session @ 6:58pm. Motion carried unanimously.

Legal Counsel advised that resume envelopes for the GM position were opened and distributed to each of the Commissioners and will be taken under advisement.

No action was taken.

13. Next meeting.

The next meeting of the Board of Commissioners is scheduled for November 9, 2017 at 6:00PM at Diamondhead City Hall, 5000 Diamondhead Circle, Diamondhead, MS.

**14. Adjournment @ 7:00pm. Motion by Commissioner Nolan, second by Commissioner Edmonds.
Motion carried unanimously.**




Secretary/Treasurer

11/9/2017
Date

DIAMONDHEAD WATER AND SEWER DISTRICT
SPECIAL MEETING MINUTES
November 2, 2017 – 6:00 p.m. (Central Time)
City Hall, Diamondhead, MS 39525

PRESENT: Secretary/Treasurer David Boan; Commissioner Dick Nolan, Commissioner John Kirschenbaum, and Commissioner Kenny Edmonds.

ABSENT: None.

ALSO PRESENT: District Counsel Tricia Tisdale, Boyce Holleman & Associates; Nancy Depreo, Seymour Engineering; and Director of Operations, Joe Higginbotham.

The presence of a quorum was noted and the meeting was called to order at 6:00 p.m. The public was duly notified in compliance with the District's open meeting policy.

4. Approve Agenda.

Motion by Commissioner Nolan, second by Commissioner Kirschenbaum to approve the agenda. Motion carried unanimously.

5. Public Comments. None.

6. Old Business. None.

7. New Business / Discussion Item.

7.1. Discussion and/or Possible Action Regarding Applicants for the position of General Manager.

Motion by Commissioner Kirschenbaum, second by Commissioner Nolan to go into Closed Session @ 6:03pm to discuss the need of entering into Executive. Motion carried unanimously.

Motion by Commissioner Kirschenbaum, second by Commissioner Nolan to come out of Closed Session @ 6:04pm. Motion carried unanimously.

Motion by Commissioner Nolan, second by Commissioner Edmonds to go into Executive Session @ 6:05pm for the purpose of discussing a personnel issue, more particularly the resumes received for the General Manager position. Motion carried unanimously.

Motion by Commissioner Nolan, second by Commissioner Edmonds to come out of Executive Session @ 7:11pm. Motion carried unanimously.

Legal Counsel advised that the Commissioners evaluated and discussed the resumes submitted and that no action was taken.

Motion by Commissioner Kirschenbaum, second by Commissioner Nolan to authorize Commissioner Boan to contact the qualified applicants for interviews. Motion carried unanimously.

8. Next meeting.

The next meeting of the Board of Commissioners is scheduled for November 9, 2017 at 6:00PM at Diamondhead City Hall, 5000 Diamondhead Circle, Diamondhead, MS.

9. Adjournment @ 7:13pm. **Motion by Commissioner Nolan, second by Commissioner Edmonds. Motion carried unanimously.**




Secretary/Treasurer

11/9/2017
Date

VENDOR NUMBER	NAME	DOCKET NUMBER	COMMENT	*-----INVOICE-----*		
				NUMBER	DATE	AMOUNT
01-1117	AT&T	241589	OFFICE LINES/VOIP	I 2049259309	10/19/2017	392.53
			OFFICE LINES/VOIP	201-00-00.537300	129.53	
			OFFICE LINES/VOIP	202-00-00.537300	263.00	
01-1117	AT&T	241590	OFFICE PHONES/VOIP	I 2059259307	10/19/2017	363.63
			OFFICE PHONES/VOIP	201-00-00.537300	120.00	
			OFFICE PHONES/VOIP	202-00-00.537300	243.63	
01-0640	ATT	241591	WWTP PHONES/2285866846	I 201710315334	10/25/2017	333.78
			WWTP PHONES/2285866846	201-00-00.537300	110.15	
			WWTP PHONES/2285866846	202-00-00.537300	223.63	
01-1090	BOYCE HOLLEMAN & ASSOCIAT	241592	LEGAL FEES - SEPT.2017	I 013389	10/26/2017	1,995.00
			LEGAL FEES - SEPT.2017	201-00-00.531100	658.35	
			LEGAL FEES - SEPT.2017	202-00-00.531100	1,336.65	
01-1090	BOYCE HOLLEMAN & ASSOCIAT	241593	LEGAL RETAINER-SEPT.2017	I 201710305331	10/26/2017	1,000.00
			LEGAL RETAINER-SEPT.2017	201-00-00.531100	330.00	
			LEGAL RETAINER-SEPT.2017	202-00-00.531100	670.00	
01-0024	BREAUX SERVICES INC	241594	SLUDGE REMOVAL (32YDS)	I 24456	10/24/2017	437.44
			SLUDGE REMOVAL (32YDS)	202-00-00.537300	437.44	
01-0034	C SPIRE WIRELESS	241595	CELL PHONES - OCT.2017	I 201711025337	10/31/2017	321.53
			CELL PHONES - OCT.2017	201-00-00.537300	106.10	
			CELL PHONES - OCT.2017	202-00-00.537300	215.43	
01-1065	CABLE ONE OAK PARK	241596	INTERNET - MAINT SHOP	I 201710305333	10/30/2017	84.45
			INTERNET - MAINT SHOP	201-00-00.537300	27.87	
			INTERNET - MAINT SHOP	202-00-00.537300	56.58	
01-0028	CABLE ONE PARK TEN	241597	INTERNET - ADMIN BLDG	I 201710305332	10/30/2017	84.45
			INTERNET - ADMIN BLDG	201-00-00.537300	27.87	
			INTERNET - ADMIN BLDG	202-00-00.537300	56.58	
01-0914	CINTAS CORPORATION 240	241598	CLEAN EE UNIFORMS 10/26/17	I 240500205	10/26/2017	68.95
			CLEAN EE UNIFORMS 10/26/17	201-00-00.514100	22.75	
			CLEAN EE UNIFORMS 10/26/17	202-00-00.514100	46.20	
01-0914	CINTAS CORPORATION 240	241599	CLEAN EE UNIFORMS 11/2/17	I 240501151	11/02/2017	77.77
			CLEAN EE UNIFORMS 11/2/17	201-00-00.514100	25.66	
			CLEAN EE UNIFORMS 11/2/17	202-00-00.514100	52.11	
01-1122	COASTAL HYDRAULICS & SUPP	241600	HOSES FOR MINI-EXCAVATOR	I P17-231	11/02/2017	29.31
			HOSES FOR MINI-EXCAVATOR	201-00-00.523500	9.67	
			HOSES FOR MINI-EXCAVATOR	202-00-00.523500	19.64	
01-0057	CONSOLIDATED PIPE and SUP	241601	SS INFLOW PROTECTORS	I 3772231-000-000	10/25/2017	2,297.70
			SS INFLOW PROTECTORS	202-00-00.563900	2,297.70	
01-0130	DATA FLOW	241602	TAX FORMS 2017	I 26717	10/17/2017	51.04

VENDOR		DOCKET		*-----INVOICE-----*		
NUMBER	NAME	NUMBER	COMMENT	NUMBER	DATE	AMOUNT
01-0130	DATA FLOW	241602	TAX FORMS 2017	I 26717	10/17/2017	51.04
			(50)W2 LASER FORMS	201-00-00.521100	19.50	CONT
			(50)1099MISC LASER F	202-00-00.521100	19.50	
			SHIPPING/HANDLING	202-00-00.521100	12.04	
01-1099	DAVID F. BOAN	241603	REGULAR MEETING 10/26/17	I 201710275329	10/27/2017	84.00
			REGULAR MEETING 10/26/17	201-00-00.531800	28.00	
			REGULAR MEETING 10/26/17	202-00-00.531800	56.00	
01-0977	DMS MAIL MANAGEMENT INC	241604	(4,234) STATEMENTS 10/20/17	I 201776041-1612	10/24/2017	2,705.53
			(4,234) STATEMENTS 10/20/17	201-00-00.538100	892.82	
			(4,234) STATEMENTS 10/20/17	202-00-00.538100	1,812.71	
01-0022	HACH COMPANY	241605	WWTP TESTING SUPPLIES	I 10678282	10/17/2017	733.48
			TNT830-AMMONIA TNT	202-00-00.538600	109.58	
			TNT832-AMMONIA	202-00-00.538600	109.58	
			TNT843-PHOSPHORUS	202-00-00.538600	110.30	
			TNT880-TKN	202-00-00.538600	280.00	
			2927403-GLOVES NITRI	202-00-00.538600	71.25	
			SHIPPING/HANDLING	202-00-00.538600	52.77	
01-1111	HALLS ENGRAVING	241606	COMMISSIONER PLAQUES	I 24257	10/26/2017	86.85
			PLAQUE - L'ECUYER	201-00-00.521100	28.95	
			PLAQUE - MALLEY	202-00-00.521100	28.95	
			PLAQUE - SCHAFER	202-00-00.521100	28.95	
01-1120	JOHN KIRSCHENBAUM	241607	REGULAR MEETING 10/26/17	I 201710275327	10/27/2017	84.00
			REGULAR MEETING 10/26/17	201-00-00.531800	28.00	
			REGULAR MEETING 10/26/17	202-00-00.531800	56.00	
01-1120	JOHN KIRSCHENBAUM	241608	SPECIAL MEETING 11/2/17	I 201711035339	11/03/2017	84.00
			SPECIAL MEETING 11/2/17	201-00-00.531800	28.00	
			SPECIAL MEETING 11/2/17	202-00-00.531800	56.00	
01-1121	KENNETH J. EDMONDS JR.	241609	REGULAR MEETING 10/26/17	I 201710275328	10/27/2017	84.00
			REGULAR MEETING 10/26/17	201-00-00.531800	28.00	
			REGULAR MEETING 10/26/17	202-00-00.531800	56.00	
01-1121	KENNETH J. EDMONDS JR.	241610	SPECIAL MEETING 11/2/17	I 201711035338	11/03/2017	84.00
			SPECIAL MEETING 11/2/17	201-00-00.531800	28.00	
			SPECIAL MEETING 11/2/17	202-00-00.531800	56.00	
01-0131	MICRO METHODS LABORATORY	241611	WWTP LAB TEST 10/20/17	I 1710433-565	10/31/2017	77.00
			WWTP LAB TEST 10/20/17	202-00-00.538600	77.00	
01-0296	NAPA AUTO PARTS	241612	HYDRAULIC OIL FOR MINI-X	I 183588	10/31/2017	79.98
			HYDRAULIC OIL FOR MINI-X	201-00-00.523500	39.99	
			HYDRAULIC OIL FOR MINI-X	202-00-00.523500	39.99	
01-0087	OFFICE DEPOT	241613	OFFICE SUPPLIES	I 971026091001	10/18/2017	15.99
			320891-NAME PLATE	202-00-00.521100	15.99	

VENDOR		DOCKET		*-----INVOICE-----*		
NUMBER	NAME	NUMBER	COMMENT	NUMBER	DATE	AMOUNT
01-0087	OFFICE DEPOT	241614	OFFICE SUPPLIES	I 974286094002	10/24/2017	85.49
			123371-CALCULATOR	202-00-00.521300	85.49	
01-0087	OFFICE DEPOT	241615	OFFICE SUPPLIES	I 974286647001	10/26/2017	15.99
			320891-NAME PLATE	201-00-00.521100	15.99	
01-0729	POLYDYNE INC	241616	C-6286 POLYMER	I 1183999	10/30/2017	513.00
			C-6286 POLYMER	202-00-00.538600	513.00	
01-0969	REGIONS CORPORATE TRUST S	241617	BOND NOTE - NOV.2017	I 201711015336	11/01/2017	80,629.17
			BOND NOTE - NOV.2017	201-00-00.101109	26,607.63	
			BOND NOTE - NOV.2017	202-00-00.101109	54,021.54	
01-0247	SOUTH MS BUSINESS MACHINE	241618	COPIER MNTC (NOV)+OCT COLOR	I AR311367	10/30/2017	46.74
			COPIER MNTC (NOV)+OCT COLOR	201-00-00.521100	15.42	
			COPIER MNTC (NOV)+OCT COLOR	202-00-00.521100	31.32	
01-0731	STAGE CLEANING SERVICES L	241619	CLEANING SERVICE-NOV.2017	I 2543	11/03/2017	397.25
			CLEANING SERVICE-NOV.2017	201-00-00.538100	131.09	
			CLEANING SERVICE-NOV.2017	202-00-00.538100	266.16	
01-0856	SUNHERALD MULTI MEDIA	241620	CLASSIFIED AD - GM	I 44818455	10/29/2017	715.00
			CLASSIFIED AD - GM	201-00-00.521100	238.33	
			CLASSIFIED AD - GM	202-00-00.521100	476.67	
01-0903	TEAM WASTE OF GULF COAST	241621	GARBAGE PICKUP - NOV.2017	I 0000116776	10/20/2017	202.00
			GARBAGE PICKUP - NOV.2017	201-00-00.537300	66.66	
			GARBAGE PICKUP - NOV.2017	202-00-00.537300	135.34	
01-1047	VOICENATION LLC	241622	ANSWERING SERVICE-NOV.'17	I 1058-131783	11/01/2017	149.09
			ANSWERING SERVICE-NOV.'17	201-00-00.537300	49.20	
			ANSWERING SERVICE-NOV.'17	202-00-00.537300	99.89	
01-0147	WATER and WASTE SPECIALIS	241623	CHLORINE/FLUORIDE	I 20254	10/27/2017	1,339.26
			(2) FLUORIDE	201-00-00.538600	157.76	
			(10) CHLORINE	201-00-00.538600	950.00	
			(1)CHLORINE TABS	201-00-00.538600	181.50	
			SHIPPING/HANDLING	201-00-00.538600	50.00	

					TOTAL =	95,749.40

Diamondhead Water & Sewer District

Treasurer's Report

10/31/2017

Pending FEMA Proceeds	\$	7,219,299.45
-----------------------	----	--------------

DWSD Bank Accounts:

FEMA/Non-Interest	\$	766,066.39
Bond Payments	\$	780,379.15
Bond Reserve Fund	\$	969,945.81
Customer Deposits	\$	516,528.72
O&M	\$	1,744,325.64
Bond Proceeds	\$	-
Reserve	\$	200,767.95
Emergency Reserve Fund	\$	600,635.95
CIP	\$	8,256,697.74
Grand Total	\$	21,054,646.80

Allocated Funds:

Pending FEMA Proceeds	\$	7,219,299.45
FEMA/Non-Interest	\$	766,066.39
Bond Payments	\$	780,379.15
Bond Reserve Fund	\$	969,945.81
Customer Deposits	\$	516,528.72
Allocated Subtotal:	\$	10,252,219.52

Grand Total	\$	21,054,646.80
Allocated Subtotal	\$	(10,252,219.52)
Total Available:	\$	10,802,427.28

Total Available	\$	10,802,427.28
-----------------	----	---------------

Principal Debt Balance	\$	11,925,000.00
------------------------	----	---------------

BUDGET vs ACTUAL
Month Ending 10/31/2017

	Total Annual Budget	Total Monthly Budget	Total Year-to-Date Actual	Total Monthly Actual	% Spent	% Remaining
Water/Sewer Revenues	\$ 3,770,000.00	\$ 314,166.67	\$ 109,375.94	\$ 109,375.94	3%	97%
Water Service Fees	\$ 39,000.00	\$ 3,250.00	\$ 3,093.61	\$ 3,093.61	8%	92%
Water/Sewer Taps	\$ 13,800.00	\$ 1,150.00	\$ 4,800.00	\$ 4,800.00	35%	65%
Total OPR Revenues:	\$ 3,822,800.00	\$ 318,566.67	\$ 117,269.55	\$ 117,269.55	3%	97%
Non-OPR Revenues:	\$ -	\$ -	\$ 27.03	\$ 27.03	0%	0%
Total All Revenues:	\$ 3,822,800.00	\$ 318,566.67	\$ 117,296.58	\$ 117,296.58	3%	97%
Wages	\$ 1,001,420.00	\$ 83,451.67	\$ 55,587.23	\$ 55,587.23	6%	94%
401K Contributions	\$ 65,122.00	\$ 5,426.83	\$ 4,706.16	\$ 4,706.16	7%	93%
Uniforms	\$ 12,000.00	\$ 1,000.00	\$ 417.10	\$ 417.10	3%	97%
Training	\$ 5,000.00	\$ 416.67	\$ -	\$ -	0%	100%
Employee Insurance	\$ 331,332.00	\$ 27,611.00	\$ 42,238.79	\$ 42,238.79	13%	87%
Unemployment	\$ 3,080.00	\$ 256.67	\$ -	\$ -	0%	100%
Payroll Taxes	\$ 76,609.00	\$ 6,384.08	\$ 4,032.69	\$ 4,032.69	5%	95%
Office Expense	\$ 17,000.00	\$ 1,416.67	\$ 93.85	\$ 93.85	1%	99%
Office Equipment	\$ 11,000.00	\$ 916.67	\$ -	\$ -	0%	100%
Vehicle Expense	\$ 36,000.00	\$ 3,000.00	\$ 169.95	\$ 169.95	0%	100%
Field Supplies	\$ 90,000.00	\$ 7,500.00	\$ 106.17	\$ 106.17	0%	100%
Field Equipment	\$ 25,000.00	\$ 2,083.33	\$ -	\$ -	0%	100%
Legal Services	\$ 60,000.00	\$ 5,000.00	\$ 2,995.00	\$ 2,995.00	5%	95%
Professional Services	\$ 189,800.00	\$ 15,816.67	\$ 2,750.00	\$ 2,750.00	1%	99%
Commissioner Services	\$ 10,942.00	\$ 911.83	\$ 588.00	\$ 588.00	5%	95%
Travel	\$ 3,000.00	\$ 250.00	\$ -	\$ -	0%	100%
Insurance Premiums	\$ 120,000.00	\$ 10,000.00	\$ 46,649.83	\$ 46,649.83	39%	61%
Utilities	\$ 265,000.00	\$ 22,083.33	\$ 18,670.67	\$ 18,670.67	7%	93%
Repairs & Maintenance	\$ 20,000.00	\$ 1,666.67	\$ -	\$ -	0%	100%
Outside Services	\$ 84,000.00	\$ 7,000.00	\$ 4,842.89	\$ 4,842.89	6%	94%
Lab, Chemicals & Testing	\$ 65,000.00	\$ 5,416.67	\$ 3,787.37	\$ 3,787.37	6%	94%
Equipment Rental	\$ 12,000.00	\$ 1,000.00	\$ -	\$ -	0%	100%
Fees/Dues	\$ 10,000.00	\$ 833.33	\$ 215.00	\$ 215.00	2%	98%
Bond Principal Note	\$ 585,000.00	\$ 48,750.00	\$ -	\$ -	0%	100%
Bond Interest Expense	\$ 371,325.00	\$ 30,943.75	\$ (31,675.00)	\$ (31,675.00)	-9%	109%
Total Expenses:	\$ 3,469,630.00	\$ 289,135.83	\$ 156,175.70	\$ 156,175.70	5%	95%

Revenues - Expenses: \$ 353,170.00 \$ 29,430.83 \$ (38,879.12) \$ (38,879.12)

CIP BUDGET vs ACTUAL (non-FEMA)

Month Ending 10/31/2017						
	CIP Annual Budget	CIP Monthly Budget	CIP Year-to-Date Actual	CIP Monthly Actual	% Spent	% Remaining
<i>Fire Hydrants-System Imprvmt</i>	\$ 37,500.00	\$ 3,125.00	\$ -	\$ -	0%	100%
<i>Well #3 Chlorine Imprvmts.</i>	\$ 55,000.00	\$ 4,583.33	\$ -	\$ -	0%	100%
<i>Radio Read Meters</i>	\$ 1,000,000.00	\$ 83,333.33	\$ -	\$ -	0%	100%
<i>I&I System Improvements</i>	\$ 200,000.00	\$ 16,666.67	\$ -	\$ -	0%	100%
<i>I&I CCTV Software/Cradle</i>	\$ 30,000.00	\$ 2,500.00	\$ -	\$ -	0%	100%
<i>Lift Station Repairs (9)</i>	\$ 2,000,000.00	\$ 166,666.67	\$ 12,528.99	\$ 12,528.99	1%	99%
<i>Scada Upgrades</i>	\$ 100,000.00	\$ 8,333.33	\$ -	\$ -	0%	100%
<i>Sewer Expansion (2016/2017)</i>	\$ -	\$ -	\$ 2,297.70	\$ 2,297.70	0%	0%
<i>Maintenance Restroom</i>	\$ 10,000.00	\$ 833.33	\$ -	\$ -	0%	100%
<i>Maintenance Shop Lean Too</i>	\$ 15,000.00	\$ 1,250.00	\$ 2,705.72	\$ 2,705.72	18%	82%
<i>Door Awnings@Shop/Admin</i>	\$ 2,200.00	\$ 183.33	\$ -	\$ -	0%	100%
Subtotal	\$ 3,449,700.00	\$ 287,475.00	\$ 17,532.41	\$ 17,532.41		
<i>Water Tower</i>	\$ 70,000.00	\$ 5,833.33	\$ -	\$ -	0%	100%
<i>Equipment Purchase</i>	\$ 48,000.00	\$ 4,000.00	\$ 15,774.40	\$ 15,774.40	33%	67%
<i>Truck Purchase</i>	\$ 82,000.00	\$ 6,833.33	\$ -	\$ -	0%	100%
Subtotal	\$ 200,000.00	\$ 16,666.67	\$ 15,774.40	\$ 15,774.40		
Total CIP:	\$ 3,649,700.00	\$ 304,141.67	\$ 33,306.81	\$ 33,306.81	1%	99%

Last FY Budget

	Annual Budget	YTD in Bank
Previous Year:		
<i>Tower Reserve</i>	\$ 140,000.00	\$ 140,000.00
<i>Equipment Purchase</i>	\$ 20,000.00	\$ 20,000.00
<i>Truck Purchase</i>	\$ 80,000.00	\$ 46,304.43
+Interest		\$ 237.92
Beginning Account Balance		\$ 206,542.35
Current Year:		
<i>Tower Reserve</i>	\$ 70,000.00	\$ 5,833.33
<i>Equipment Purchase</i>	\$ 10,000.00	\$ (14,941.07)
<i>Truck Purchase</i>	\$ 40,000.00	\$ 3,333.33
Total	\$ 120,000.00	\$ (5,774.40)
+ Interest		\$ -
Reserve Acct.		\$ 200,767.95

PUBLIC ASSISTANCE BUDGET vs ACTUAL (FEMA)

Month Ending 10/31/2017

	Beginning Budget	Year-to-Date Actual	Monthly Actual	% Spent	% Remaining
Bond Proceeds Cash@10/1/17	\$ -				
Plus Interest Income	\$ -				
Less Funds Spent:					
WWTP - PW11240		\$ 1,221,875.90	\$ 1,221,875.90		
LS REPAIRS - PW8429		\$ 89,867.50	\$ 89,867.50		
LS #13 - PW11247		\$ 9,598.36	\$ 9,598.36		
LS #1 & #27 - PW11280		\$ 27,531.99	\$ 27,531.99		

Total Public Assistance: \$ - \$ 1,348,873.75 \$ 1,348,873.75

Balance to Spend: \$ -

100% Construction being advanced from FEMA on all PWs.

Responsible Official/Duly Authorized Representative Identification Form*(The following page is to be used for specifying facility contacts)*Facility Name: Diamondhead Water & Sewer District Facility Number: MS0046078

I hereby certify that I am qualified under the regulatory definition to be the responsible official for the above-named facility. Specifically, I, John Kirschenbaum :

(Typed or printed name)

☐ am an officer of the corporation. My title is _____.

☒ perform policy or decision-making functions similar to that of an officer of the corporation.

Explain: is a Commissioner on the Board of Commissioners for the District

☐ am a general partner in a partnership.

☐ am the owner of a sole proprietorship.

☐ am a principal executive officer or ranking elected official of a municipality, state, federal, or other public agency. My office/title is: _____.

My agency is: _____.

Note: A duly authorized representative may only be designated for corporations, and while a corporation may have several responsible officials, it can only have one duly authorized representative.

I hereby designate _____ as a duly authorized representative to act in my stead.

(Name of individual)

This individual's business title is: _____.

I also certify that this individual is responsible for the overall operation of one or more facilities applying for or subject to a permit under these regulations and that

☐ the facilities employ more than 250 persons or have gross annual sales or expenditures exceeding \$25 million (in second quarter 1980 dollars), or

☐ approval of this delegation of authority has been previously requested of and given by the DEQ.

John Kirschenbaum

Signature of responsible official

Signature of duly authorized representative designee

11-9-2017

Date

For MDEQ use only:

Acknowledged by

Date

Facility Contact Identification Form

Facility Name: Diamondhead W&S District Facility Number: MS0046078

- To correct information from page 1, indicate a correction by checking the "Correction" box, indicate the name of the facility contact and fill out only the information that is to be corrected.
- To add a facility contact, indicate an addition by checking the "Addition" box and complete all of the information.
- To remove a facility contact from page 1, indicate the contact is to be removed by checking the "Removal" box and fill out the name of the contact only.

Correction ☐ Addition ☒ Removal ☐
Facility Contact: John Kirschenbaum Title: Commissioner
Facility Contact Mailing Address: 4425 Park Ten Drive
Diamondhead, MS 39525
Facility Contact Telephone No: 228-255-5813

Correction ☐ Addition ☐ Removal ☒
Facility Contact: Nancy Depreo Title: GM
Facility Contact Mailing Address: 4425 Park Ten Drive
Diamondhead, MS 39525
Facility Contact Telephone No: 228-255-5813

Correction ☐ Addition ☐ Removal ☐
Facility Contact: _____ Title: _____
Facility Contact Mailing Address: _____

Facility Contact Telephone No: _____

Correction ☐ Addition ☐ Removal ☐
Facility Contact: _____ Title: _____
Facility Contact Mailing Address: _____

Facility Contact Telephone No: _____



November 6, 2017

To the Board of Commissioners
Diamondhead Water & Sewer District

We are pleased to confirm our understanding of the services we are to provide Diamondhead Water & Sewer District (the District) for the year ended September 30, 2017. We will audit the financial statements of the business-type activities, including the related notes to the financial statements, which collectively comprise the basic financial statements, of Diamondhead Water & Sewer District as of and for the year ended September 30, 2017. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's 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. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a separate written report accompanying our auditor's report on the financial statement:

1) Schedule of expenditures of federal awards.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

12199 Highway 49, Ste. 400, Gulfport MS 39503
(228) 236-3622

Ty J. Necaise, MBA, CPA
ty@necaiseco.com

3590 Rocky Hill Dedeaux Road, Kiln MS 39556
(228) 255-6451

The Government Auditing Standards report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of 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, and (2) the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Commissioners of the District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and Government Auditing Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, Government Auditing Standards, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. The purpose of these procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the District in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for (1) designing, implementing, and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to

achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on January 15, 2018.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with

GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Necaise & Company PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State Auditor's Office or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Necaise & Company PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may

intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately November 14, 2017 and to issue our reports no later than January 15, 2018. Ty Necaise is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$13,400. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Necaise & Company PLLC

Necaise & Company PLLC

RESPONSE:

This letter correctly sets forth the understanding of the District:

Management signature: *Doni J. Wilson*

Title: *Comptroller*

Date: *11-9-2017*

Governance signature: *Paul F. Brown*

Title: *Secretary/Treasurer*

Date: *11/9/2017*



DIAMONDHEAD WATER AND SEWER DISTRICT

2018 (UNOFFICIAL) HOLIDAYS

Monday, January 1	New Year's Day(Gov.declared)
Monday, January 15	Robert E. Lee/ Dr. Martin Luther King Jr.'s Birthdays
Monday, February 19	President's Day(Washington Bday)
Friday, March 30	Good Friday(in lieu of Confederate Memorial Day)
Monday, May 28	Memorial Day/Jefferson Davis' Birthday
Wednesday, July 4	Independence Day
Monday, September 3	Labor Day
Monday, November 12	Veterans Day
Thursday, November 22	Thanksgiving (Gov declared)
Tuesday, December 25	Christmas (Gov declared)

A holiday is not considered official until the Governor of MS issues a proclamation and the DWSD Board of Commissioners approve.

Note: The District is not part of an incorporated entity and cannot set its own holidays; therefore, it must conform to state regulation, (Miss. Code Section 3-3-7) in that it cannot allow more holidays than allowed by the state. **Any day proclaimed as a holiday by the governor or President of the United States must be authorized by the Board before it is recognized as a District holiday.** All holidays will be reviewed annually and posted. **Supervisors will be notified throughout the year as holidays are authorized.**