

**ST. MARY PARISH WATER AND SEWER COMMISSION NO. 2**

Annual Component Unit Financial Statements  
With Independent Auditors' Report

and

Report on Internal Control Over Financial Reporting  
and Compliance and Other Matters

For the Years Ended September 30, 2022 and 2021

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# PITTS & MATTE

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certified public accountants



## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
St. Mary Parish Water and  
Sewer Commission No. 2  
Bayou Vista, Louisiana

### Opinions

We have audited the accompanying financial statements of the business-type activities and the major fund of the St. Mary Parish Water and Sewer Commission No. 2 (Commission), a component unit of St. Mary Parish, as of and for the years ended September 30, 2022 and 2021, and the related notes to these financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended of the Commission, as of September 30, 2022 and 2021, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of The Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibility of Management for the Financial Statements

Management is responsible for preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The schedules and statistical data listed in the table of contents as Other Supplemental Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

#### Other Reporting Requirements by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 22, 2023 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards in considering the Commission's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
August 22, 2023

**St. Mary Parish Water and Sewer Commission No. 2**  
**State of Louisiana**  
**Comparative Statement of Net Position**  
**Business Type Activity - Water and Sewer Enterprise Fund**  
September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,609,456	\$ 1,186,867
Investments	1,511,070	1,498,503
Accounts receivable	119,177	140,863
Inventory	120,142	122,901
Prepaid expenses	11,502	11,502
Total current assets	<u>3,371,347</u>	<u>2,960,636</u>
<b>RESTRICTED ASSETS ( cash and investments):</b>		
Capital improvements	-	36,000
Customer meter deposits cash	34,506	14,289
Customer meter deposits investments	205,352	203,797
Total restricted assets	<u>239,858</u>	<u>254,086</u>
<b>NONCURRENT ASSETS:</b>		
Property, plant and equipment (net of accumulated depreciation)	4,167,754	4,513,472
Investment in Berwick-Bayou Vista Joint Waterworks Commission	<u>447,641</u>	<u>479,446</u>
Total noncurrent assets	<u>4,615,395</u>	<u>4,992,918</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,226,600</u>	<u>\$ 8,207,640</u>

	<u>2022</u>	<u>2021</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b> (payable from current assets):		
Accounts payable and accrued expenses	\$ 66,516	\$ 33,247
Due to other governmental units	127,536	118,830
<b>CURRENT LIABILITIES</b> (payable from restricted assets):		
Customer meter deposits	<u>221,791</u>	<u>215,750</u>
Total current liabilities	<u>415,843</u>	<u>367,827</u>
<b>NET POSITION</b>		
Net investment in capital assets	4,167,754	4,513,472
Restricted for:		
Capital improvements	-	36,000
Unrestricted	<u>3,643,003</u>	<u>3,290,341</u>
Total net position	<u>7,810,757</u>	<u>7,839,813</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 8,226,600</u>	<u>\$ 8,207,640</u>

The accompany notes are an integral part of these financial statements

**St. Mary Parish Water and Sewer Commission No. 2**  
**State of Louisiana**  
 Comparative Statement of Revenues, Expenses and Changes in Net Position  
 Business Type Activity - Water and Sewer Enterprise Fund  
 Years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES</b>		
Charges for water service	\$ 487,543	\$ 449,502
Charges for sewer service	419,353	392,114
Delinquent charges	18,508	15,642
Tower Rent	2,880	2,880
Meter installation, reconnects, permits, etc.	10,615	24,354
Safe water collection fees	1,072	-
Garbage collection fees	<u>13,274</u>	<u>13,087</u>
<b>TOTAL OPERATING REVENUES</b>	<b><u>953,245</u></b>	<b><u>897,579</u></b>
<b>OPERATING EXPENSES</b>		
Direct operating costs		
Cost of water purchases	337,741	316,819
Sewerage treatment fees	219,957	234,649
Repair and maintenance – water system	142,138	173,902
Repair and maintenance – sewerage system	116,085	84,265
Personal services		
Clerical salaries	86,012	59,602
Other salaries	101,240	92,712
Board meetings	14,910	13,800
Retirement contributions	22,740	17,777
Health insurance	40,513	21,418
Worker's compensation	5,177	398
Operating services		
Insurance	28,087	30,219
Accounting fees	29,237	31,695
Engineering fees	66,683	1,522
Computer consulting	4,127	1,091
Utilities and telephone	31,308	28,380
Vehicle expense	11,603	6,404
Legal fees	1,062	20
Materials and supplies		
Office expense	5,838	6,018
Postage	9,221	7,539
Advertising	2,133	2,230
Miscellaneous	6,565	28,021
Depreciation		
Water System	180,952	177,431
Sewer System	<u>173,482</u>	<u>168,833</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$ 1,636,811</u></b>	<b><u>\$ 1,504,745</u></b>

	<u>2022</u>	<u>2021</u>
INCOME (LOSS) FROM OPERATIONS	<u>\$ (683,566)</u>	<u>\$ (607,166)</u>
NON-OPERATING REVENUE (EXPENSES)		
Ad valorem taxes		
Operations and maintenance	704,043	805,677
Interest income	15,602	2,516
TOTAL NON-OPERATING REVENUE	<u>719,645</u>	<u>808,193</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	36,079	201,027
Contributions, intergovernmental		
Berwick-Bayou Vista Joint Water Works	<u>(65,135)</u>	<u>(111,992)</u>
CHANGE IN NET POSITION	(29,056)	89,035
NET POSITION :		
NET POSITION - BEGINNING OF YEAR	<u>7,839,813</u>	<u>7,750,778</u>
NET POSITION - END OF YEAR	<u>\$ 7,810,757</u>	<u>\$ 7,839,813</u>

The accompanying notes are an integral part of these financial statements.

**St. Mary Parish Water and Sewer Commission No. 2**

**State of Louisiana**

**Comparative Statement of Cash Flows**

**Business Type Activity - Water and Sewer Enterprise Fund**

**Years Ended September 30, 2022 and 2021**

**Increase (Decrease) in Cash and Cash Equivalents**

**2022**      **2021**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Received from customers	\$ 974,931	\$ 911,007
Paid to suppliers and employees	(1,214,544)	(1,118,241)
Net cash provided (used) by operating activities	<u>(239,613)</u>	<u>(207,234)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Ad valorem taxes	704,043	805,677
Cash from (refund for ) meter deposits	6,041	(212)
Advanced from (to) other government units	8,706	(14,028)
Payment to Berwick-Bayou Vista Joint Water Works	(65,135)	(111,992)
Net cash provided by noncapital financing activities	<u>653,655</u>	<u>679,445</u>

**CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Acquisition and construction of capital assets	(8,716)	(114,205)
Net cash provided (used) by capital and related activities	<u>(8,716)</u>	<u>(114,205)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Sale (purchases) of investment securities	(14,122)	8,671
Interest income	15,602	2,516
Net cash provided by investing activities	<u>1,480</u>	<u>11,187</u>
Net increase (decrease) in cash and cash equivalents	406,806	369,193
Cash and cash equivalents at beginning of period	<u>1,237,156</u>	<u>867,963</u>
Cash and cash equivalents at end of period	<u>\$ 1,643,962</u>	<u>\$ 1,237,156</u>

	<u>2022</u>	<u>2021</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating income (loss)	\$ (683,566)	\$ (607,166)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	354,434	346,264
(Increase) decrease in accounts receivable	21,686	13,428
(Increase) decrease in inventory	2,759	(7,975)
Increase (decrease) in payable and accrued expenses	33,269	(1,080)
Increase (decrease) in contract payable	-	(29,763)
(Increase) decrease in prepaid expenses	-	2,360
Joint Waterworks	31,805	76,698
Net cash provided by (used in) operating activities	\$ (239,613)	\$ (207,234)

Cash and cash equivalents are presented on the Comparative Statement of Net Position as follows:

	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and cash equivalents	\$ 1,609,456	\$ 1,186,867
Restricted Assets:		
Capital improvements	-	36,000
Customer meter deposits cash	34,506	14,289
Total cash and cash equivalents	\$ 1,643,962	\$ 1,237,156

**ST. MARY PARISH WATER AND SEWER COMMISSION NO. 2**  
**STATE OF LOUISIANA**  
Notes to Financial Statements  
September 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

On October 27, 2000, the St. Mary Parish Council adopted Ordinance No. 1474 which created "St. Mary Parish Water and Sewer Commission No. 2, State of Louisiana (the Commission) which is a political subdivision of the Parish of St. Mary and the state of Louisiana, with authority to plan, finance, construct, acquire, improve, operate and maintain water, sewer and sewerage disposal improvements within its designated boundaries. The Commission was created, by combining the former Waterworks District No. 2 and Sewerage District No. 2.

The accounting and reporting practices of the Commission conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the significant accounting policies used in preparing the financial statements:

**A. Reporting Entity**

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition of will
- d. Fiscally dependent

Based upon the above criteria, the Commission is a component unit and integral part of the St. Mary parish Council (the primary government).

These financial statements include only the operations of the Commission.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **B. Basis of Accounting**

The financial statements of the Commission are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The Commission has elected not to apply Financial Accounting Standards Board provisions issued after November 30, 1989.

### **Enterprise Fund**

An Enterprise Fund is used to account for the Commission's operations which are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

### **C. Revenues**

The following is a summary of the Commission's recognition policies for its major revenue sources:

Charges for water service come from metered sales to residential, industrial and municipal customers. Charges for sewerage service are based upon gallons of water used by customers. Revenues for water and sewer services are recognized in the month when the water is used by the customers.

Ad valorem taxes (which is based upon homesteads in the Parish) are recorded in the year the taxes are assessed and collected.

Investment earnings are recorded when earned.

Substantially all other revenues are recorded when they are earned by the Commission.

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

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **D. Deferred Outflows and Inflows of Resources**

In prior years, the Commission implemented the provision of various GASB statements related to deferred inflows and deferred outflows of resources. The Commission has evaluated its transactions with the requirements of these pronouncements, related to deferred items, and determined that there are no transactions that presently meet the requirements of these statements. Therefore as of September 30, 2021 and 2022, the Commission is not presenting any Deferred Outflows or Inflows in its financial statements.

### **E. Expenses**

Expenses are recognized under the accrual basis of accounting where liabilities are recorded at the time expenses are incurred.

### **F. Budgets and Budgetary Accounting**

The St. Mary Parish Water and Sewer Commission No. 2 follows these procedures in establishing administrative budgetary accounting:

- a. An administrative budget is employed as a management planning and control device during the year for the Proprietary Fund. The forecasted budget is prepared on a basis consistent with GAAP.
- b. These financial statements do not present budget and actual comparisons of the administrative budget because it is not a legally adopted budget.

### **G. Cash and Cash Equivalents and Investments**

#### **Cash and Cash Equivalents**

For financial statement purposes, cash and cash equivalents include bank deposits and/or certificates of deposit with original maturities of less than three months.

#### **Investments**

The Commission invests in bank certificates of deposit (CDs) and external investment pools. The CDs (nonparticipating contracts) are recorded at cost, unless there is significant impairment of the credit standing of the issuer. The pooled investments are recorded at fair market value.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **H. Receivables**

Accounts receivable consist of amounts due from customers for metered water and sewerage usage. The financial statements do not contain an allowance for uncollectible accounts receivable which is a generally accepted accounting principle. Uncollectible receivables are charged off at the time information becomes available which would indicate the uncollectibility of the particular receivable. The failure to utilize the allowance method to account for bad debts is not material to the financial statements.

### **I. Restricted Assets**

Amounts received as utility deposits are held in separate accounts. These funds are classified as restricted assets on the balance sheet because their use is limited.

### **J. Joint Venture**

The Commission and the Town of Berwick jointly constructed a treatment plant to provide a water supply to each entity. Each participant has a 50% interest in the venture. The cost of constructing the plant was borne by the two communities, and they have appointed a board to operate and maintain the plant. The Berwick-Bayou Vista Joint Waterworks Commission was created to maintain, operate and administer the joint water treatment plant. The Commission has included its share of the joint venture cost and current operations in these financial statements using the equity method of accounting. See Note 7 for additional disclosure.

### **K. Inventory and Prepaid Items**

Materials and supplies inventory is valued at cost. Cost is determined primarily by the first-in, first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

### **L. Property, Plant, and Equipment**

Fixed assets including water plant, water and sewer lines, water towers, pump stations and all other water distribution and sewerage disposal assets are capitalized in the propriety fund. Property, plant and equipment owned by the proprietary fund is recorded at cost or, if contributed property, at their market value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Water Plant	20-40 years
Water distribution system	10-33 years
Sewerage distribution system	10-45 years
Buildings	10-40 years
Furniture and equipment	3-25 years
Automobiles and trucks	6 years

### M. Accumulated Vacation, Compensatory Time and Sick Leave

Accumulated vacation, compensatory time and sick leave are recorded as an expense of the period in which paid. At September 30, 2022 and 2021 unrecorded liabilities for the above are immaterial.

### N. Equity Classifications

Equity is classified as net position and displayed in three components – net invested in capital assets, restricted net position; and unrestricted net position. These classifications are defined as follows:

- Net Invested in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding debt that is attributable to the acquisition, construction, or improvement of these assets. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds are not included in the calculation of net invested in capital assets. Rather, that portion of the debt is included in the same net position component as the proceeds.
- Restricted Net Position – 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.
- Unrestricted Net Position – The component of net position consist of net position that do not meet definition of “restricted” or “net invested in capital assets.”

## NOTE 2 - AD VALOREM TAXES AND MAINTENANCE MILLAGE ASSESSMENT

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. 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 Commission's boundaries. Assessed values are established by the St. Mary 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 and are delinquent after that date with interest being charged. Lien date for all delinquent properties is April 1. The St. Mary Parish Sheriff bills and collects property taxes for the Commission using the assessed values determined by the tax assessor of St. Mary Parish. Commission property tax revenues are budgeted in the year billed.

The Commission authorized the following millages for the purpose of operating and maintaining the water and sewer system for the constituents of the Commission. The millage was dedicated as follows:

	<u>2022</u>	<u>2021</u>
Operations and maintenance	11.00	11.00
Debt service	0.00	0.00
	<u>11.00</u>	<u>11.00</u>

Based upon the taxable assessed value of the property within the District each mil of assessment generated approximately \$64,000 and \$73,000 of tax revenues in 2022 and 2021 respectively.

### NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Commission does not have a formal investment policy related to interest rate risk (the risk of an investment decreasing in value due to increasing interest rates).

In addition, the Commission does not have a formal investment policy related to credit risk (including concentrations of credit). However the Commission does follow state law as to limitations on types of deposits and investments as described below.

The Commission does not invest in any investments subject to foreign currency risk.

#### Cash and cash equivalents

Under state law the Commission may deposit its funds with certain state and federally chartered financial institutions. These deposits are required to be insured or collateralized by the financial institutions.

At year end 2022 and 2021 the carrying amounts of the Commission's cash were \$1,643,962 and \$1,237,156, respectively and the bank balances were \$1,646,387 and \$1,243,861 respectively.

In 2022, \$500,000 was covered by FDIC and \$1,146,387 was secured by collateralized securities held by a third party and pledged to the Commission. In 2021, \$500,000 was covered by FDIC and \$743,861 was secured by collateralized securities held by a third party and pledged to the Commission.

#### Investments

Under state law the Commission may invest in certain federal or federally guaranteed securities, certain bank time certificates of deposit, mutual or trust funds, and in the Louisiana Asset Management Pool (LAMP). LAMP is an external investment pool operated to allow local government to pool their investment funds. LAMP is not registered with the SEC as an investment company. LAMP is subject to regulatory oversight of the Louisiana State Treasurer and the LAMP board of directors. Share values for the pool are valued at fair value based on quoted market rates determined on a weekly basis.

**NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

The following is a summary of investments held by the Commission at September 30,

	2022		2021	
	Percentage of Total <u>Amount</u>	Investments	Percentage of Total <u>Amount</u>	Investments
LAMP (rated AAA by Standard & Poors)	\$1,496,705	87%	\$1,485,373	87%
Bank certificates of deposit:				
Fully FDIC insured	219,717	13%	216,927	13%
Collateralized with securities held by a third party pledged to the Commission	_____	_____	_____	_____
	<u>\$1,716,422</u>	<u>100%</u>	<u>\$1,702,300</u>	<u>100%</u>

As of September 30, 2022, all investments had maturity dates of one through five years except LAMP. LAMP determines its maturities using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 19 days as of September 30, 2022 and 52 days as of September 30, 2021.

#### NOTE 4 - DUE TO/FROM OTHER GOVERNMENTAL UNITS

The following is a detail of due from/to other governments at September 30,

	<u>2022</u>	<u>2021</u>
Due to other governments:		
Due to Berwick-Bayou Vista Joint Waterworks (water purchases)	\$ 33,842	\$ 29,159
Due to Joint Sewer Commission Wards 5 & 8 (Sewerage treatment fees)	17,263	19,197
Due to St. Mary Parish Council (Intergovernmental service-garbage/mosquito fees)	71,307	65,384
Due to State Department of Health and Hospitals (Water Program engineering/administration fees)	<u>5,124</u>	<u>5,090</u>
	<u>\$127,536</u>	<u>\$118,830</u>

#### NOTE 5 - PENSION PLAN

All employees participate in the Federal Social Security System. The Commission is required to remit an amount to the Social Security Administration equal to the employee's contribution. The Commission contributed approximately \$14,000 in 2022 and \$11,000 in 2021 and its employees contributed approximately \$14,000 in 2022 and \$11,000 in 2021. The Commission does not guarantee any of the benefits granted by the Social Security System.

In addition, the Commission contributes 5% of the gross wages of each qualified employee to their individual SEP/IRA Retirement Plan account on a monthly basis. The Commission's contributions to this plan were approximately \$11,000 in 2022 and \$9,000 in 2021 and its employees contributions were approximately \$11,000 in 2022 and \$9,000 in 2021.

**NOTE 6 - FIXED ASSETS**

**CAPITAL ASSETS**

Capital asset and depreciation activity for the years ended September 30, 2021 and 2020 is as follows:

	<u>Balance 9/30/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassification</u>	<u>Balance 9/30/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassification</u>	<u>Balance 9/30/2022</u>
Capital assets not being depreciated:									
Land, right of ways	\$ 51,709				\$ 51,709				\$ 51,709
Construction in process	246,132	\$ -	\$ -	\$ (215,073)	31,059	\$ -	\$ -	\$ -	31,059
Total capital assets not being depreciated	297,841	-	-	(215,073)	82,768	-	-	-	82,768
Other capital assets:									
Buildings	\$ 76,133				\$ 76,133				\$ 76,133
Distribution system - sewerage	6,455,569				6,455,569				6,455,569
Distribution system - water	4,875,467	102,733		215,073	5,193,273	6,883			5,200,156
Water Plant	838,485				838,485				838,485
Furniture & Equipment	123,965	20,341	8,869		135,437	1,833			137,270
Vehicles	45,067				45,067				45,067
Total other capital assets at historical cost	12,414,686	123,074	8,869	215,073	12,743,964	8,716	-	-	12,752,680
Less accumulated depreciation for:									
Buildings	\$ 52,107	\$ 1,654			\$ 53,761	\$ 1,517			\$ 55,278
Distribution system - sewerage	3,671,345	173,021			3,844,366	173,237			4,017,603
Distribution system - water	3,262,203	170,214			3,432,417	170,763			3,603,180
Water Plant	838,485	-			838,485	-			838,485
Furniture & Equipment	109,121	3,736	8,869		103,988	5,058			109,046
Vehicles	33,735	6,508	-		40,243	3,859	-		44,102
Total accumulated depreciation	7,966,996	355,133	8,869	-	8,313,260	354,434	-	-	8,667,694
Other capital assets, net	4,447,690	(232,059)	-	215,073	4,430,704	(345,718)	-	-	4,084,986
Total capital assets, net	\$ 4,745,531	\$ (232,059)	\$ -	\$ -	\$ 4,513,472	\$ (345,718)	\$ -	\$ -	\$ 4,167,754

Depreciation expense for the years ended September 30, 2022 and 2021 was approximately \$354,000 and \$346,000 each.

**NOTE 7 - RELATED PARTY - INVESTMENT IN BERWICK-BAYOU VISTA JOINT  
WATERWORKS COMMISSION**

All of the water sold by the Commission is obtained from Berwick-Bayou Vista Joint Waterworks Commission (Joint Waterworks Commission). The Joint Waterworks Commission was created and established with the sole responsibility and duty to maintain, operate, and administer the joint water treatment plant for the Commission and Town of Berwick (Berwick). The water treatment plant was constructed and is owned by the Commission and Berwick. The Commission and Berwick appoint the members of the board for the Joint Waterworks Commission. The Commission's portion of the cost of the plant is carried in property, plant and equipment. Amounts reported as an investment in other assets (\$447,641 at 2022 and \$479,446 at 2021) represents the Commission's equity in the joint venture. Separate financial statements for the Joint Waterworks Commission are available from the Commission or the Joint Waterworks Commission. The following is a summary of selected financial information of the Joint Waterworks Commission:

	<u>Year Ended 9/30/22</u>	<u>Year Ended 9/30/21</u>
Total assets and deferred outflows of resources	\$1,034,041	\$1,096,354
Total liabilities and deferred inflows of resources	138,759	137,463
Total net position	895,282	958,891
Total revenues	774,868	706,606
Total expenditures	838,477	860,003
Change in net position	(63,609)	(153,397)

**NOTE 7 - RELATED PARTY - INVESTMENT IN BERWICK-BAYOU VISTA JOINT  
WATERWORKS COMMISSION (continued)**

The Commission purchased the following quantities and amounts of water from the Joint Waterworks Commission:

	Year Ended <u>9/30/22</u>	Year Ended <u>9/30/21</u>
Gallons of water purchased	166,637,037	175,858,314
Cost of water purchases	\$337,723	\$316,819

**NOTE 8 - COMPENSATION OF BOARD MEMBERS AND  
CHIEF EXECUTIVE OFFICER**

Board Members received the following per diems (Board Members, including the Chief Executive Officer, do not receive any other compensation, reimbursement of expenses, or benefits) for the years ended September 30, 2022 and 2021:

	<u>2022</u>	
	<u>Meetings Attended</u>	<u>Amount</u>
Raymond Beadle	12	\$ 2,520
Chris Cooper – President (Elected in Jan 2021)	12	2,520
Tony Hensgens	12	2,520
Thomas Philbrook	12	2,520
Paul Tholen	12	<u>2,520</u>
Total		<u>\$12,600</u>

Berwick-Bayou Vista Joint  
Waterworks Commission

Tony Hensgens	12	720
Paul Tholen	12	<u>720</u>
		<u>\$1,440</u>

**NOTE 8 - COMPENSATION OF BOARD MEMBERS AND  
CHIEF EXECUTIVE OFFICER (continued)**

	2021	
	Meetings Attended	Amount
Raymond Beadle	7	\$1,680
Chris Cooper – President (Elected in Jan 2021)	9	1,890
Tony Hensgens	7	2,520
Thomas Philbrock	10	2,520
Paul Tholen	12	2,310
John Trevino, President (resigned – Jan 2021)	4	840
Total		<u>\$11,340</u>

Berwick-Bayou Vista Joint  
Waterworks Commission

Tony Hensgens	11	720
Donald Lantz	11	600
		<u>\$1,320</u>

**NOTE 9 - RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Commission carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements of claims have not exceeded coverage in the past three years.

**NOTE 10 – CONCENTRATIONS**

The Commission received approximately forty-two and forty-seven percent of its revenues from ad valorem taxes in both 2022 and 2021, respectively.

## **OTHER SUPPLEMENTAL SCHEDULES**

**ST. MARY PARISH WATER AND SEWER COMMISSION NO. 2  
STATE OF LOUISIANA**

Schedule of Gallons of Water Purchased and Sold  
and Number of Water Customers

For the year ended September 30, 2022 and 2021

(Unaudited)

	<u>9-30-22</u>	<u>9-30-21</u>
Gallons purchased for the period	166,637,037	175,858,314
Gallons sold for the period	104,732,625	112,458,466
Number of users at year end	1,825	1,824
Gallons not sold for the period	61,904,412	63,399,848
Cost per 1000 gallons purchased	\$2.03	\$1.81
Cost of gallons not sold	\$125,665	\$114,754
Percentage of gallons not sold	37%	36%

**ST. MARY PARISH WATER AND SEWER COMMISSION NO. 2**  
STATE OF LOUISIANA

Water and Sewer Rates  
September 30, 2022  
(Unaudited)

The board of commissioners approved a water and sewer rate increase on August 9, 2021 effective October 1, 2021.  
The new rates are as follows:

Water	Sewer
\$6.50 flat fee(\$7.65 out of district)	\$6.50 flat fee(\$7.50 out of district)
\$3.30 (\$4.50 out of district) per 1,000 gallons of water used	\$3.00 (\$4.20 out of district) per 1000 gallons of water used

For the period January 2015 to September 30, 2021, the water and sewer rates were as follows:

Water	Sewer
\$6.00 flat fee(\$7.15 out of district)	\$6.00 flat fee(\$7.15 out of district)
\$2.00 (\$3.00 out of district) per 1,000 gallons of water used	\$2.00 (\$3.00 out of district) per 1000 gallons of water used

For the period January 2007 to April 30, 2008, the water and sewer rates were as follows:

Water	Sewer
\$6.00 flat fee	\$6.00 flat fee
\$1.75 per 1,000 gallons of water used	\$1.75 per 1,000 gallons of water used

For the period October 1995 to December 31, 2006, the water and sewer rates were as follows:

Water	Sewer
First 3,000 gallons - \$6.00	\$7.00 flat fee
Over 3,000 gallons - \$1.90 per 1,000	\$1.15 per 1,000 gallons of water used

For the period October 1992 to September 30, 1995, the water and sewer rates were as follows:

Water	Sewer
First 3,000 gallons - \$4.75	\$6.00 flat fee
Over 3,000 gallons - \$.17 per 100	\$1.00 per 1,000 gallons of water used

For period August 1988 to September 30, 1992, the water rates were as follows:

Water
First 3,000 gallons - \$4.00
Over 3,000 gallons - \$.14 per 100

Prior to August, 1988 the water rates were as follows:

First 3,000 gallons - \$3.35  
Next 3,000 gallons - \$1.05 per 1,000  
Next 3,000 gallons - \$1.00 per 1,000  
Next 3,000 gallons - \$.95 per 1,000  
Next 3,000 gallons - \$.90 per 1,000  
Next 3,000 gallons - \$.85 per 1,000  
Next 3,000 gallons - \$.80 per 1,000  
Next 3,000 gallons - \$.70 per 1,000

**ST. MARY PARISH WATER AND SEWER COMMISSION NO. 2  
STATE OF LOUISIANA**

Insurance  
September 30, 2022  
(Unaudited)

<u>Insurer</u>	<u>Amount of Policy</u>	<u>Risk Covered</u>	<u>Expiration Date</u>
Louisiana Workers Compensation Corp.	\$1,000,000	Worker's Compensation	04/26/23
Glatfelter Public Practice	\$3,000,000	General Liability	04/26/23
	\$1,000,000	Auto Liability	04/26/23
	\$3,000,000	Public Officials & Management Liability	04/26/23
	\$100,000	Crime Coverage	04/26/23
	\$1,000,000	Cyber Liability & Crisis	04/26/23
	\$1,061,475	Property	04/26/23

## **INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS**

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## INDEPENDENT AUDITORS' 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  
St. Mary Parish Water and Sewer  
Commission No. 2  
Bayou Vista, 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 business-type activities, and the major fund of the St. Mary Parish Water and Sewer Commission No. 2 (Commission), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated August 22, 2023.

### Report on Internal Control Over Financial Reporting

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

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify one deficiency in internal control, described in the accompanying schedule of findings as item 2022-001, that we consider to be a material weakness.

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings as Item 2022-002.

#### St. Mary Parish Water and Sewer Commission No. 2's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the finding identified in our audit is described in the accompanying schedule of findings. The Commission'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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Louisiana Legislative Auditor.

CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
August 22, 2023

**St. Mary Parish Water and Sewer Commission No. 2  
State of Louisiana**

Schedule of Findings  
For the Year Ended September 30, 2022

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unmodified opinion on the financial statements of the St. Mary Parish Water and Sewer Commission No. 2.
2. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control over Financial Reporting

There was one deficiency in internal control over financial reporting noted during the audit of the financial statements. This condition is reported as a material weakness.

Compliance and Other Matters

There was one instance of noncompliance or other matters noted during the audit of the financial statements that are required to be reported.

3. Federal Awards

This section is not applicable for the year ended September 30, 2022.

## B. FINDINGS - FINANCIAL STATEMENT AUDIT

### INTERNAL CONTROL

Material Weaknesses

#### ITEM 2022-001 - SEGREGATION OF DUTIES

##### Auditors' Comments

Condition: While performing audit tests and inquiring about internal control, we discovered that there is little segregation of duties in the area of billings and collections.

Criteria: Ordinarily, the accounting duties performed in an organization are segregated to reduce possible errors or irregularities that could occur in the accounting records and not be detected.

Effect: Lack of segregation of duties results in a material weakness in internal accounting controls.

Cause: The Commission has limited personnel.

Management's Comments: We will constantly monitor the activity of the employees, in an effort to minimize any errors or omissions. We have determined, it is not economically feasible to hire additional employees at this time.

### Compliance and Other Matters

#### Instance of Noncompliance

#### ITEM NO. 2022-002 FAILURE TO FILE AUDIT REPORT ON TIME

##### Auditor's Comments

Condition: The Commission's audit was completed and furnished to the Louisiana Legislative Auditor (LLA) within the required time frame of the approved LLA extension request. However, because the extension is a nonemergency extension a late finding is required to be reported.

Criteria: Audit reports should be filed with the Office of the Legislative Auditor no later than six months after the entity's fiscal year end.

Effect: Failure to complete and furnish the audit on time violated state statute. In addition, management should be presented with timely audited financial information so that they can better manage the Commission's operation.

Cause: Due to a delay in obtaining the necessary information for the start of the audit from the Commission's outside accountant, they were unable to furnish the information needed to submit the audit report on time. Therefore an nonemergency extension was requested and approved from the LLA.

Recommendations: The Commission should submit all requested information to their auditor to avoid the late submission of the audit report in the future.

Management's Response: We will furnish our auditor with the information needed to submit the audit report on time.

#### C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

This section is not applicable for the year ended September 30, 2022.

SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION  
PREPARED BY ST. MARY PARISH  
WATER AND SEWER COMMISSION NO. 2

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND  
OTHER MATTERS MATERIAL TO THE FINANCIAL STATEMENTS

Internal Control

Material Weakness

Item 2021-001 Segregation of Duties

Condition: While performing audit tests and inquiring about internal control, our auditors discovered that there is very little segregation of duties within the Commission's accounting function.

Corrective Action: The Board will constantly monitor the activity of the employees, in an effort to minimize any errors or omissions. It is not economically feasible to hire additional employees at this time.

ST MARY PARISH WATER & SEWER COMM. 2  
P.O. BOX 635  
PATTERSON, LA 70392-0635  
985-395-2747  
985-395-9530 fax  
[stmarywatersewer2@att.net](mailto:stmarywatersewer2@att.net)

August 22, 2023

Mr. Michael J "Mike" Waguespack, CPA  
Legislative Auditor, State of Louisiana  
P.O. Box 94397  
Baton Rouge, La. 70804-9397

Dear Mr. Waguespack,

The St. Mary Parish Water & Sewer Commission No. 2 respectfully submits the following corrective action plan for our year ended September 30, 2022:

Person Responsible: Chris Cooper, President  
St. Mary Parish Water & Sewer Commission No. 2

Time for completion: September, 2023

**Item 2022 - 001 Segregation of Duties**

Finding:  
Our auditors noted that there is little segregation of duties in the area of billings and collections.

Corrective Action:  
We will constantly monitor the activity of the employees in an effort to minimize any errors or omissions.  
It is not economically feasible to hire additional employees at this time.

**Item 2022-002 Failure to File Audit Report on Time**

Finding:  
Late audit report filing

Corrective Action:  
Our audit was completed and furnished to the Louisiana Legislative Auditor within the required time frame of the approved extension request. However, because the extension is a nonemergency extension, a late finding is required to be reported.

If you have questions concerning this corrective action plan, please contact me.

Sincerely,



Chris Cooper, President

St. Mary Parish

WATER & SEWER COMMISSION NO. 2

**ST. MARY PARISH**  
**WATER AND SEWER COMMISSION NO. 2**  
**STATE OF LOUISIANA**

**SCHEDULE OF PROCEDURES PERFORMED AND  
ASSOCIATED FINDINGS BASED UPON THE  
STATEWIDE AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED  
September 30, 2022  
WITH  
AGREED UPON PROCEDURES REPORT  
BY  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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## INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners  
St. Mary Parish Water and Sewer Commission No. 2  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in the attached Schedule of Procedures Performed and Associated Findings Based Upon the Statewide Agreed-Upon Procedures (Schedule), on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor (LLA)'s Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2021 through September 30, 2022. The St. Mary Parish Water and Sewer Commission No. 2 (Commission) management is responsible for those C/C areas identified in the SAUPs presented in the attached Schedule.

The Commission has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2021 through September 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are included in the attached Schedule.

We were engaged by the Commission to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Pitt + Motts

CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
August 22, 2023

**ST. MARY PARISH WATER AND SEWER COMMISSION NO. 2**  
**STATE OF LOUISIANA**

**Schedule of Procedures Performed and Associated Findings Based upon the  
Statewide Agreed-Upon Procedures  
For the Year Ended September 30, 2022**

Guide to Presentation Format

This report contains these items presented in this order:

- Statewide Agreed-Upon Procedures (AUPS) prescribed by the Louisiana Legislative Auditor (LLA),
- Procedures performed by the Independent Certified Public Accountant,
- Findings based upon the procedures performed, and
- Management's Comments relative to the findings, if applicable.

In order to facilitate understanding this report - the procedures and findings are presented in the following format:

<u>Order of Presentation</u>	<u>Presentation Format</u>
Area or function	Centered all CAPITALS IN BOLD TYPE
Statewide Agreed-Upon Procedures Prescribed (AUPS) by Louisiana Legislative Auditor (LLA)	Regular type highlighted with numbers or letters (if there are multiple parts)
Actual procedures performed by Independent Certified Public Accountant	Denoted as <b>Procedure Performed:</b> (in bold type) followed by procedure in regular type
Finding based upon procedure performed	Denoted as <b>Findings:</b> (in bold type) followed by findings in regular type
Management's response to findings	Denoted as <b>Management's Response:</b> (in bold type) followed by <i>managements response in italics</i>

## WRITTEN POLICIES AND PROCEDURES

---

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

### **Budgeting**

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

**Procedure Performed:** Obtained from management and inspected the Commission's "Agreed Upon Procedures & Policies" and read the written policies and procedures for budgeting.

**Findings:** Found the Commission has written policies and procedures that include the specified functions listed above.

### **Purchasing**

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

**Procedure Performed:** Obtained from management and inspected the Commission's "Agreed Upon Procedures & Policies" and read the written policies and procedures for purchasing.

**Findings:** Found the Commission has written policies and procedures that include the specified functions listed above.

### **Disbursements**

- c) Disbursements, including processing, reviewing, and approving.

**Procedure Performed:** Obtained from management and inspected the Commission's "Agreed Upon Procedures & Policies" and read the written policies and procedures for disbursements.

**Findings:** Found the Commission has written policies and procedures that include the specified functions listed above

### **Receipts/Collections**

- d) Receipts/collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

## WRITTEN POLICIES AND PROCEDURES (CONTINUED)

---

**Procedure Performed:** Obtained from management and inspected the Commission's "Agreed Upon Procedures & Policies" and read the written policies and procedures for receipts and collections.

**Findings:** Found the Commission has written policies that include the specified functions listed above.

### **Payroll/Personnel**

- e) Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

**Procedure Performed:** Obtained from management and inspected the Commission's "Agreed Upon Procedures & Policies" and read the written policies and procedures for payroll and personnel.

**Findings:** Found the Commission has written policies and procedures that include the specified functions listed above.

### **Contracting**

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

**Procedure Performed:** Obtained from management and inspected the Commission's "Agreed Upon Procedures & Policies" and read the written policies and procedures for contracts.

**Findings:** Found the Commission has written policies and procedures that include the specified functions listed above.

### **Credit Cards**

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

**Procedure Performed:** Obtained from management and inspected the Commission's "Agreed Upon Procedures & Policies" and read the written policies and procedures for credit cards.

**Findings:** Found the Commission has written policies and procedures that include the specified functions listed above.

### **Travel and Expense Reimbursement**

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

## **WRITTEN POLICIES AND PROCEDURES (CONTINUED)**

---

**Procedure Performed:** Obtained from management and inspected the Commission's "Agreed Upon Procedures & Policies" and read the written policies and procedures for travel and expense reimbursement.

**Findings:** Found the Commission has written policies and procedures that include the specified functions listed above.

### **Ethics**

- b) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

**Procedure Performed:** Obtained from management and inspected the Commission's "Agreed Upon Procedures & Policies" and read the written policies and procedures for ethics.

**Findings:** Found the Commission has written policies that includes the specified functions listed above, with the exception of a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

### **Debt Service**

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

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for debt service.

**Findings:** Found the Commission does not have written policies and procedures regarding debt service.

### **Information Technology Disaster Recovery/Business Continuity**

- d) Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for information technology disaster recovery/business continuity.

## **WRITTEN POLICIES AND PROCEDURES (CONTINUED)**

---

**Findings:** Discussed the findings with the Commission.

### **Sexual Harassment**

- 1) Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Procedure Performed:** Obtained from management and inspected the Commission's "Agreed Upon Procedures & Policies" and read the written policies and procedures for sexual harassment.

**Findings:** Found the Commission has written policies and procedures that include the specified functions listed above, with the exception of an annual reporting.

### ***Management's response:***

The Commission has policies and procedures in the areas above, with the exception of ethics and sexual harassment (as listed below), however the following are not in writing:

*Ethics as it relates to requiring documentation is maintained demonstrating that all employees and officials were notified of any changes to the entity's ethics policy. However, there were no changes in the fiscal year.*

*Debt Service*

*Information Technology Disaster Recovery/Business Continuity  
Sexual harassment as it relates to requiring an annual reporting.*

*We will put policies and procedures in all areas in writing.*

## BOARD OR FINANCE COMMITTEE

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

**Procedure Performed:** We obtained and read the Commission's board minutes for the fiscal period as well as Louisiana State Law as it relates to Water and Sewer Commissions and the Ordinance that created the Commission.

**Findings:** Found that the Commission met with quorum at all twelve of the monthly meetings.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

**Procedure Performed:** We obtained and read the Commission's board minutes for the fiscal period.

**Findings:** Found that the minutes did not contain or reference monthly financial statements; however, the minutes did include reference to the Commission's biannual budget-to-actual comparisons.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

**Procedure Performed:** We obtained and read the Commission's prior year audit report and observed the unrestricted fund balance in the general fund.

**Findings:** Found that general fund did not have a negative ending unrestricted fund balance in the prior year audit report

***Management's response:***

*We will include reference to our monthly financial statements in the minutes. We will compare budgets to actual on a quarterly basis.*

## BANK RECONCILIATIONS

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Procedures Performed:** Obtained the listing of bank accounts from management, and received management's written representation that the list is complete. Selected 4 bank accounts out of a total of 4 accounts and requested bank reconciliations and bank statements for all accounts for the one month randomly selected. Obtained and inspected bank statements and bank reconciliations prepared for the month selected for all accounts selected.

**Findings:**

- a) Observed there is evidence that each bank reconciliation was prepared within 2 months of the related statement closing date.
- b) Observed there is no evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.
- c) Observed that management has documentation reflecting that it has researched 7 out of 9 reconciling items in the Meter Fund account that have been outstanding for more than 12 months from the statement's closing date.

**Management' response:**

*In the future, bank reconciliations will contain evidence that it was reviewed by a board member. The Commission will also research and document all reconciling items that have been outstanding for more than 12 months from the statement closing date.*

## **COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)**

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

**Procedure Performed:** Obtained the listing of deposit sites where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete.

**Findings:** The Commission has only one deposit site.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees responsible for each collection do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

**Procedure Performed:** Obtained the listing of cash/check/money order (cash) collections locations for the Commission's one deposit site and management's written representation that the listing is complete and inquired of employees about the employees' job duties.

**Findings:** The Commission has only one cash collection location.

- a) The office manager and clerks share a locking cash drawer.
- b) The office manager and clerks who are responsible for collections are also responsible for preparing, making bank deposits, and reconciles collection documentation to the deposit.
- c) The office manager and clerks are both responsible for collecting cash and are both responsible for posting collection entries to the general and subsidiary ledgers.
- d) The office manager and clerks is responsible for reconciling cash collections to the general ledger and is also responsible for collection of cash. However, the Board of Directors are responsible for verifying the reconciliation.

## **COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS) (CONTINUED)**

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6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

**Procedure Performed:** Obtained and read a copy of the insurance policy for theft covering all employees who have access to cash and observed the insurance policy for theft was enforced during the fiscal period.

**Findings:** Insurance policy for theft was enforced during the fiscal period.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

**Procedure Performed:** Randomly selected two deposit dates from the bank statements for each of the 4 bank accounts selected for procedure #3 (selected the next deposit date chronologically if no deposit was made on the date randomly selected)

- a) Observed the Commission does have sequentially pre-numbered receipts.
- b) Traced sequentially pre-numbered receipts and other related collection documentation to deposit splits.
- c) Traced the deposit slip total to the actual deposit per bank statement.
- d) Observed that all deposits were made within one day of receipt at the collection location.
- e) Traced the actual deposit per bank statement to the general ledger.

**Findings:** Found that the Commission's Money Market account had no deposits during the year.

- a) Found the Commission receives three types of collections:
  - (1) Deposits for utility services
  - (2) Monthly payments for utility services
  - (3) Ad valorem taxes

## **COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS) (CONTINUED)**

Sequentially pre-numbered receipts are used for utility deposits only in the meter fund. However, a pre-numbered electronic utility bill payment stub card with the customer's account number is maintained for collection of monthly utility services in the general fund. Check images and a lead sheet which contain the date of receipt are maintained for ad valorem tax collections.

- b) Collections documentation agrees to the deposit slips for water and sewer collections, meter deposits, ad valorem taxes, depreciation and contingency.
- c) The deposit slips total agrees to the deposit amount on the bank statement.
- d) Found that all the deposits were made within one business day of receipt at the collection location.
- e) The actual deposit per bank statements agrees with the collection recorded in the general ledger.

### ***Management's response:***

*In the future, the employee responsible for collection cash will not:*

*Share a cash box with other employees.*

*Prepare/make bank deposits without another employee reconciling collection documentation to the deposit.*

*Post collection entries to the general ledger without another employee reconciling ledger postings to each other and to the deposit.*

*Due to our control system in place, we do not consider it necessary to have sequentially pre-numbered receipts for water and sewer collections and collections received from other governmental entities.*

## **NON-PAYROLL DISBURSEMENTS – (EXCLUDING CARD PURCHASE/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)**

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

**Procedure Performed:** We obtained a listing of locations that process payments from management and management's representation that the listing is complete.

**Findings:** Found the Commission has one location that processes payments.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employees responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawson Act municipality) should not be reported.]

**Procedure Performed:** We obtained a listing of employees involved with non-payroll purchasing and payment functions. We obtained and read the written policies and procedures related to employees' job duties. Note certain of the Commission's policies and procedures in the purchasing area are not in writing, for those policies and procedures we inquired of employees about their job duties.

**Findings:**

- a) Board of Directors are involved in initiating a purchase request, approving a purchase, The Office Manager is responsible for placing an order/making purchase.
- b) At least two employees are involved in processing payments. However, the Board of Directors are responsible for approving payments to vendors.

**NON-PAYROLL DISBURSEMENTS – (EXCLUDING CARD PURCHASE/PAYMENTS,  
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED)**

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- c) Employees responsible for processing payments are not prohibited from adding/modifying vendor files. However, adding or modifying vendor files are prohibited from being added or modified without the office administrator or board member's approval.
  - d) Board members who are responsible for signing checks, do not mail the checks. The employee who is responsible for signing checks mails the checks and processes payments. However, payments must be approved by the board prior to mailing.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Procedure Performed:** We obtained the Commission's non-payroll disbursements transaction population (excluding cards and travel reimbursements) and management's representation that the population was complete. We randomly selected 5 disbursements from the listing and obtained and observed supporting documentation for each transaction.

**Findings:**

- a) Found that disbursements matched the related original invoice.
- b) Found that disbursement documentation included evidence that the Commission is following its policies as it relates to the segregation of duties tested under #9 a-d above

***Management's response:***

*Checks will no longer be mailed by the same employee who processes payments.*

## CREDIT CARDS/DEBIT CARDS/ FUEL CARDS/P-CARDS

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

**Procedure Performed:** We obtained from management a listing of all active credit cards, bank debit cards, fuel card, and P-cards and related information for the fiscal period and obtained management's written confirmation that the list was complete.

**Findings:** The list contains 3 fuel cards and 3 credit cards and related information.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.

**Procedure Performed:** We randomly selected 3 fuel cards and 2 credit cards from the list obtained in #11 above that were used during the fiscal period. We randomly selected and obtained one combined monthly statement and supporting documentation for the selected fuel cards and credit cards. We observed the combined statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder. We observed the combined statement to determine whether finance charges and late fees were not assessed on the selected statement.

**Findings:** All 3 fuel cards and 2 credit cards and supporting documentation selected were reviewed and approved by a supervisor.

Found that finance charges and late fees were not assessed.

## CREDIT CARDS/DEBIT CARDS/ FUEL CARDS/P-CARDS (CONTINUED)

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13. Using the monthly statements or combined statements under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing) For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

**Procedure Performed:** We selected the 2 transactions from the one combined statement in #12 above, excluding fuel cards, and obtained supporting documentation for the transactions during the fiscal period. Performed the following procedures:

- 1) We observed itemized receipts that identifies precisely what was purchased.
- 2) We observed written documentation of the business/public purpose.
- 3) We inquired of management and observed there were no meal charges.

### **Findings:**

- 1) Found that original itemized receipts identified what was purchased.
- 2) Found written documentation of the business/public purpose.
- 3) Found there were no meal charges.

### ***Management's response:***

*No comment.*

## **TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)**

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Procedure Performed:** Obtained from management a general ledger listing of all travel and travel-related expense reimbursements during the fiscal period and obtained management's written representation that the general ledger is complete. The listing contained 4 travel-related expense reimbursement. Selected all 4 reimbursements and obtained supporting documentation for each reimbursement selected.

**Findings:** Travel and travel-related expenses included payments for per diems and per mile reimbursements to employees for use of their personal automobiles.

- a) Four reimbursements included payment of per diems and/or mileage reimbursements at the Commission's rates. Both per diem rates and mileage rates were less than State of Louisiana rates and GSA rates.
- b) Observed that all four reimbursements used actual costs during the fiscal period and are supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observed that all four reimbursements were supported by documentation of the business/public purpose, meal charges included documentation of the names of the individuals participating, and observed other documentation required by written policy.
- d) Observed that all four reimbursements were reviewed and approved in writing by someone other than the person receiving reimbursement.

***Management's response:***

*No comment.*

## CONTRACTS

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter)
- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

**Procedure Performed:** Inquired of management and obtained management's written representation that no contracts were initiated or renewed during the fiscal period.

**Findings:** Found that no contracts were initiated or renewed during the fiscal period.

*Management's response:*

No Comment

## PAYROLL AND PERSONNEL

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16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**Procedure Performed:** We obtained a listing of employees employed during the fiscal period and obtain management's written representation that the listing is complete. We randomly selected 5 employees and obtained their related paid salaries and personnel files, and agreed salaries to authorized salaries.

**Findings:** The listing contained 5 employees. There are no elected officials.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

**Procedure Performed:** We randomly selected one pay period during the fiscal period (1<sup>st</sup> Pay Period in October 10/15/2021) and obtained attendance records and leave documentation for that pay period for the 5 employees selected under #16.

- a) Observed all selected employees documented their daily attendance and leave.
- b) Observed supervisor approved the attendance and leave of the selected employees.
- c) Observed any leave accrued or taken during the pay period is reflected in the Department's cumulative leave records.
- d) Observed the rate paid to the employees agree to the authorized salary found within the personnel file.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

## **PAYROLL AND PERSONNEL (CONTINUED)**

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**Procedure Performed:** Inquired of management and obtained management's written representation that no employees received termination payments during the fiscal period.

**Findings:** Found no termination payments were made during the fiscal period.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Procedure Performed:** Inquired of management and obtained management's written representation that employer and employee portions of third-party payroll related amounts have been paid, and all associated forms have been filed by required deadline.

**Findings:** Found that employer and employee portions of third-party payroll related amounts have been paid, and all associated forms have been filed by required deadline.

*Management's response:*

*No Comment*

## ETHICS

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

**Procedure Performed:** Obtained and observed ethics documentation from management for the 5 selected employees from procedure #16. Obtained management's representation that there were no changes to the Commission's Ethics Policy during the current fiscal year.

**Findings:**

- a) Observed the documentation demonstrates each employee completed one hour of ethics training during the fiscal period.
- b) This procedure is not applicable. There were no changes to the Comission's ethics policy during the fiscal period.

*Management's response:*

*No Comment*

## DEBT SERVICE

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

**Procedure Performed:** Inquired of management and obtained management's written representation that no debt was issued during the fiscal period.

**Findings:** Found that no debt was issued during the fiscal period.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Procedure Performed:** Inquired of management and obtained management's written representation that the Commission had no outstanding bonds/notes during the fiscal period.

**Findings:** Found the Commission had no outstanding bonds/notes during the fiscal period.

*Management's response:*

*No comment.*

## FRAUD NOTICE

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Procedure Performed:** Inquired of management and obtained management's written representation that the Commission did not have any misappropriation of public funds and assets during the fiscal period.

**Findings:** Found the Commission did not have any misappropriation of public funds and assets during the fiscal period.

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

**Procedure Performed:** Observed the Commission posted, on its premises and website, the notice required by R.S. 24-523.1.

**Findings:** Found the Commission posted, on its premises and website, the notice required by R.S. 24-523.1.

*Management's response:*

*No comment.*

## **INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY**

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25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**Procedure Performed:** We performed the procedures.

**Findings:** Verbally discussed the results with management.

## SEXUAL HARASSMENT

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26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

**Procedure Performed:** Obtained and read the sexual harassment training documentation from management and requested the sexual harassment training documentation for the 5 selected employees from procedure #16 above.

**Findings:** Found only 3 of the 5 employees completed at least one hour of sexual harassment training during the calendar year.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

**Procedure Performed:** Inquired of management and obtained management’s written representation that the Commission did not post its sexual harassment policy and complaint procedure on its website. However, we observed the Commission did post its sexual harassment policy and complaint procedure on its premises.

**Findings:** Found the Commission did not post the sexual harassment policy and complaint procedure on its website, but the Commission did post on its premises.

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint

**Procedure Performed:** Inquired of management and obtained management’s written representation that there was no sexual harassment report for the current fiscal period.

**Findings:** Found the Commission does not have an annual sexual harassment report.

*Management’s response:*

*In the future, we will have all employees complete sexual harassment training annually, post the sexual harassment policy and complaint procedures on our website, and issue an annual sexual harassment report.*