

**ST. MARY PARISH WATER  
AND SEWER COMMISSION NO. 4**  
Baldwin, Louisiana

Financial Report

Year Ended September 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners  
St. Mary Parish Water and Sewer Commission No. 4  
Baldwin, Louisiana

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of St. Mary Parish Water and Sewer Commission No. 4 (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as of September 30, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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 the *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.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the 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 judgment 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***

Accounting principles generally accepted in the United State of America require certain information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the schedule of employer's share of net pension liability (asset), schedule of employer pension contributions, or the note to retirement system schedules because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Commission 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of the Commission's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the comparative financial statements, financial statements by utility, and other schedules as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, 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, and 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 an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
March 28, 2024

## **BASIC FINANCIAL STATEMENTS**

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Statement of Net Position  
September 30, 2023

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 58,136
Receivables:	
Accounts receivable	171,288
Ad Valorem receivable	19,035
Due from State of Louisiana	761,973
Prepaid expenses	34,947
Total current assets	<u>1,045,379</u>
Nonecurrent assets:	
Restricted assets:	
Cash and interest-bearing deposits	379,937
Capital assets:	
Land and construction in progress	809,722
Other, net of accumulated depreciation	8,655,087
Total noncurrent assets	<u>9,844,746</u>
Total assets	<u>10,890,125</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to net pension liability	<u>305,782</u>
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(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Statement of Net Position (continued)  
September 30, 2023

LIABILITIES

Current liabilities:	
Accounts payable	713,422
Accrued liabilities	42,868
Note payable	20,987
Due to other governmental units	313,655
Payable from restricted assets:	
Current maturities of bonds payable	444,635
Refundable deposits	<u>226,027</u>
Total current liabilities	<u>1,761,594</u>
Noncurrent liabilities:	
Bonds payable	2,633,886
Compensated absences	136,959
Net pension liability	<u>157,775</u>
Total noncurrent liabilities	<u>2,928,620</u>
Total liabilities	<u>4,690,214</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to net pension liability	<u>39,838</u>
---------------------------------------------------	---------------

NET POSITION

Net investment in capital assets	6,386,288
Restricted for debt service	153,910
Unrestricted (deficit)	<u>(74,343)</u>
Total net position	<u>\$ 6,465,855</u>

*The accompanying notes to financial statements are an integral part of this statement.*

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Statement of Revenues, Expenses and Change in Fund Net Position  
Year Ended September 30, 2023

OPERATING REVENUES	
Water sales	\$ 1,238,421
Sewer user and inspection fees	401,525
Commissions and fees for services	44,814
Other	<u>10,561</u>
Total operating revenues	<u>1,695,321</u>
OPERATING EXPENSES	
Salaries and related benefits	1,035,277
Supplies and materials	8,487
Operation and maintenance	766,489
Other services and charges	247,348
Plant operation	664,255
Bad debts	14,931
Depreciation	<u>757,299</u>
Total operating expenses	<u>3,494,086</u>
Operating loss	<u>(1,798,765)</u>
NONOPERATING REVENUES (EXPENSES)	
Ad valorem taxes	651,091
Bond interest and fiscal charges	(126,189)
Interest income	513
Intergovernmental grants	761,973
Miscellaneous income	<u>22,486</u>
Total nonoperating revenue (expenses)	<u>1,309,874</u>
Loss before special item	(488,891)
Loss on transfer of water system from Town of Baldwin	<u>(109,176)</u>
Change in net position	(598,067)
NET POSITION, beginning	<u>7,063,922</u>
NET POSITION, ending	<u>\$ 6,465,855</u>

*The accompanying notes to financial statements are an integral part of this statement.*

ST MARY PARISH WATER AND SEWER COMMISSION NO 4  
Baldwin, Louisiana

Statement of Cash Flows  
Year Ended September 30, 2023

OPERATING ACTIVITIES	
Receipts from customers	\$ 1,668,917
Payments for goods and services	(737,980)
Payments to employees	<u>(959,125)</u>
Net cash used by operating activities	<u>(28,188)</u>
NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous receipts	60,288
Taxes received	<u>(104,734)</u>
Net cash used by noncapital financing activities	<u>(44,446)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(969,892)
Interest and fiscal charges paid	(113,942)
Intergovernmental grant proceeds	761,973
Principal payments on bonds	<u>(445,183)</u>
Net cash used by capital and related financing activities	<u>(767,044)</u>
INVESTING ACTIVITIES	
Interest received	<u>513</u>
Net change in cash and cash equivalents	(839,165)
Cash and cash equivalents, beginning	<u>1,277,238</u>
Cash and cash equivalents, ending	<u>\$ 438,073</u>

(continued)

ST MARY PARISH WATER AND SEWER COMMISSION NO 4  
Baldwin, Louisiana

Statement of Cash Flows (continued)  
Year Ended September 30, 2023

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (1,798,765)
Adjustments to reconcile operating income to net cash used by operating activities-	
Depreciation	757,299
Pension expense, net of nonemployer contributions	34,787
Changes in assets and liabilities:	
Receivables	(912)
Prepaid expenses and other assets	(2,975)
Accounts payable	713,422
Accrued liabilities	56,460
Note payable	20,987
Due to other governmental entities	191,509
Net cash used by operating activities	<u>\$ (28,188)</u>

Reconciliation of cash and cash equivalents per statement of cash flows to statement of net position.

Cash and cash equivalents, beginning -	
Cash and interest-bearing deposits - unrestricted	\$ 252,017
Cash and interest-bearing deposits - restricted	1,081,431
Cash overdraft	<u>(56,210)</u>
Total cash and cash equivalents, beginning	<u>1,277,238</u>
Cash and cash equivalents, ending -	
Cash and interest-bearing deposits - unrestricted	58,136
Cash and interest-bearing deposits - restricted	<u>379,937</u>
Total cash and cash equivalents, ending	<u>438,073</u>
Net decrease in cash	<u>\$ (839,165)</u>

Noncash Capital and Related Financing Activities:

Loss on transfer of water system from Town of Baldwin	\$ 109,176
Acquisition of capital assets from other governments	<u>368,081</u>
Total noncash activity	<u>\$ 477,257</u>

*The accompanying notes to financial statements are an integral part of this statement.*

**NOTES TO FINANCIAL STATEMENTS**

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements

INTRODUCTION

The St. Mary Parish Water and Sewer Commission No. 4 ("Commission") was created under the provisions of Louisiana Revised Statutes 33:7831 by ordinance issued by the St. Mary Parish Council on January 10, 2007. The Commission is authorized to operate, maintain, improve, extend and/or dispose of all works and facilities for water, sewer, and sewerage treatment or disposal facilities and systems within a designated territory of St. Mary Parish. The Commission is governed by seven board members appointed by the St. Mary Parish Council.

On July 1, 2007, Water and Sewer Commission No. 4 began operations and effectively terminated the operations of Waterworks Commission No. 6, Sewerage Commission No. 9, and Sewerage Commission No. 7; however, none of the Commissions were formally abolished by the Parish until September 12, 2018, when the St. Mary Parish Council adopted ordinances 2143, 2144, and 2147 abolishing Sewerage Commission No. 7 of the Parish of St. Mary, Sewerage Commission No. 9 of the Parish of St. Mary, and Waterworks Commission No. 6 of the Parish of St. Mary, respectively.

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Government is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the St. Mary Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability.

This criteria includes.

1. Appointing a voting majority of an organization's governing body, and the ability of the Parish to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Government.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

2. Organizations for which the Parish does not appoint a voting majority but are fiscally dependent on the Parish Government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance to the relationship.

Because the Parish Council appoints the Commission's governing body, the Commission was determined to be a component unit of the St. Mary Parish Government, the financial reporting entity. The accompanying financial statements present information only on the Commission and does not present information on the Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation

The accompanying financial statements of the Commission have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Fund Financial Statements

The accounts of the Commission are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The proprietary fund is maintained consistent with legal and managerial requirements.

Proprietary Funds

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net position, changes in position, and cash flows. The two types of proprietary funds are enterprise and internal service funds. The Commission operates as an enterprise fund.

Enterprise Funds

Enterprise funds are used to account for operations (a) that 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 goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or changes in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

The Commission's fund is used to account for the provision of water and sewerage collection and treatment services to residents. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

Proprietary funds are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit. For the purpose of the cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded at year end.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond year-end, are recorded as prepaid items.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

Restricted Assets

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the statement of net position. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The Commission maintains a threshold level of \$2,500 for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Water system	20-50 years
Sewer System	50 years
Buildings	40 years
Improvements	20 years
Equipment	5-20 years

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations.

Bad Debts

Uncollectible amounts due for ad valorem taxes are recognized as bad debts by direct write-off at the time information becomes available which would indicate the impairment of the collectability of the receivable. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the impairment of the collectability of the particular receivable.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

The Commission reports decreases (increases) in net assets that relate to future periods as deferred outflows (inflows) of resources in separate sections of its statement of net position. The Commission reports deferred outflows of resources and deferred inflows of resources related to its net pension asset/liability.

Pensions

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

Compensated Absences

The Commission adopted an annual vacation and sick leave policy for all full time employees. Vacation varies with the length of service and cannot be carried forward. Sick leave is accrued at a rate of one day per month and is allowed to accumulate up to 120 days. Up to 120 days of sick leave may be paid as a termination benefit upon retirement.

Long-term Debt

All long-term debt to be repaid from proprietary fund resources is reported as liabilities. The long-term debt consists primarily of bonds and notes payable.

Equity Classifications

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net position with constraints placed on its use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

E. Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and/or services in connection with ongoing operations. The principal operating revenue is charges to customers for water consumption and the collection and treatment of wastewater. Operating revenues also include tap fees intended to recover the costs of connecting new customers to the systems. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

F. Budgets and Budgetary Accounting

Enterprise funds are not required under Louisiana Revised Statute 39:1301 et seq. to adopt a budget and the Commission has elected to not formally adopt a budget. Accordingly, budgeted amounts are not presented in this financial report.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Commission may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2023, the Commission has cash and interest-bearing deposits (book balances) totaling \$ 438,073 as follows:

Cash on hand	\$	200
Demand deposits		251,737
Time deposits		<u>186,136</u>
Total cash	\$	<u>438,073</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Commission or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Commission's deposits may not be recovered or the Commission will not be able to recover collateral securities that are in the possession of an outside party. The Commission does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2023, the Commission has \$448,062 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance and are, therefore, not exposed to custodial credit risk.

Louisiana Revised Statute 39:1225 requires that the amount of the security shall at all times be equal to one hundred percent of the amount of collected funds on deposit, except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States.

(3) Restricted Assets

Restricted assets consisted of the following at September 30, 2023:

	Interest-bearing Deposits
Water improvement bonds	\$ 30,066
Customer security deposits	226,027
<u>St. Mary Parish Waterworks District No. 6</u>	
Revenue bond reserve fund	51,726
Capital additions and contingencies fund	1,423
<u>St. Mary Parish Sewer District No. 9</u>	
Sinking fund	9,019
Reserve fund	60,177
Contingency fund	1,499
Total	\$ 379,937

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

(4) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September and are billed to the taxpayers by the Sheriff in October or November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. Taxes and the revenue recognized in the year they are billed.

The taxes are based on assessed values determined by the Tax Assessor of St. Mary Parish and are collected by the St. Mary Parish Sheriff. The taxes are remitted to the Commission net of deductions for pension fund contributions.

The following is a summary of authorized and levied ad valorem tax millages:

	<u>Authorized Levied Millage</u>
Commission taxes:	
Debt millage	4.65
Bond and interest millage	0.80
Operating millage	15.35

Levied millages for debt taxes and bond and interest taxes are restricted to payment of principal and interest on general obligation bonds and are reported as nonoperating revenue on the statement of revenues, expenses, and changes in net position.

Ad valorem taxes for the operation and maintenance millage are reported as nonoperating revenue on the statement of revenues, expenses, and changes in net position.

Total taxes of \$674,544 were levied on property having assessed taxable valuations totaling \$45,920,560.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

(5) Capital Assets

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land and improvements	\$ 6,926	\$ -	\$ -	\$ 6,926
Construction in progress	165,384	770,467	133,055	802,796
Total capital assets not being depreciated	<u>172,310</u>	<u>770,467</u>	<u>133,055</u>	<u>809,722</u>
Capital assets being depreciated:				
Water system	14,065,111	368,080	-	14,433,191
Sewer system	10,702,663	-	-	10,702,663
Buildings	254,025	258,270	-	512,295
Improvements	3,522,272	27,771	-	3,550,043
Equipment	2,086,044	46,385	-	2,132,429
Total capital assets being depreciated	<u>30,630,115</u>	<u>700,506</u>	<u>-</u>	<u>31,330,621</u>
Less accumulated depreciation for:				
Water system	(10,839,517)	(367,962)	-	(11,207,479)
Sewer system	(9,787,384)	(269,894)	-	(10,057,278)
Buildings	(64,288)	(4,626)	-	(68,914)
Improvements	(350,424)	(81,157)	-	(431,581)
Equipment	(876,622)	(33,660)	-	(910,282)
Total accumulated depreciation	<u>(21,918,235)</u>	<u>(757,299)</u>	<u>-</u>	<u>(22,675,534)</u>
Total capital assets being depreciated, net	<u>8,711,880</u>	<u>(56,793)</u>	<u>-</u>	<u>8,655,087</u>
Capital assets, net	<u>\$ 8,884,190</u>	<u>\$ 713,674</u>	<u>\$ 133,055</u>	<u>\$ 9,464,809</u>

Depreciation expense for the year ended September 30, 2023 totaled \$757,299.

On September 1, 2022, the Commission entered into a cooperative endeavor agreement with the Town of Baldwin (Town). This agreement consolidated water services to be provided by the Commission to residents within the limits of the Town.

In accordance with the terms of the agreement, the Town agreed to transfer title of the water system upon final confirmation of the Commission's qualification of a specified grant through the State of Louisiana Water Sector Program, Round 1. At September 30, 2023, the Commission was entitled to and accepted transfer of capital assets with a value of approximately \$368,000

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

In June 2023, the Commission awarded and executed a construction contract for approximately \$51,985 for relocation of water intake piping. Costs incurred on this project at September 30, 2023 are included as construction in progress in the schedule above. In January 2024, the Commission executed construction contracts for approximately \$3,716,787 for improvements to water lines and the water plant.

(6) Changes in Long-Term Liabilities

The following is a summary of bond transactions of the Commission for the year ended September 30, 2023:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct borrowings:					
Water revenue notes payable	\$ 638,183	\$ -	\$ 20,899	\$ 617,284	\$ 21,359
Sewer revenue bonds	743,274	-	27,037	716,237	28,276
Direct placements:					
G.O. bonds, series 2008	500,000	-	75,000	425,000	75,000
G.O. bonds, series 2014	1,455,000	-	225,000	1,230,000	230,000
G.O. refunding bonds, series 2016	175,000	-	85,000	90,000	90,000
Compensated absences	106,155	33,644	2,840	136,959	-
	<u>\$ 3,617,612</u>	<u>\$ 33,644</u>	<u>\$ 435,776</u>	<u>\$ 3,215,480</u>	<u>\$ 444,635</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

Bonds payable at September 30, 2023 are comprised of the following individual issues:

\$1,200,000 General Obligation Bonds, Series 2008, dated 03-01-08; due in annual installments of \$35,000-\$95,000 through March 1, 2028; interest rate of 3.94% per annum, secured by ad valorem taxation.	<u>\$ 425,000</u>
\$900,000 Water Revenue Notes Payable, issued for constructing improvements to the waterworks plant and system, payable in Monthly installments of \$4,230 from 2003 to 2043, with interest at 4.75% per annum; secured by system revenues.	<u>\$ 617,284</u>
\$1,100,000 Sewerage Revenue Bonds, due in monthly installments of \$4,994 beginning January 5, 2002; payable over 40 years; interest rate of 4.50% per annum.	<u>\$ 716,237</u>
\$3,000,000 General Obligation Bonds, Series 2014, issued July 2014 for construction improvements to the waterworks plant and system, payable in annual installments of \$175,000 to \$260,000 from 2015 to 2028, semi-annual interest payable at 0.25% to 3.00% per annum. The bonds maturing March 2028 and thereafter are callable for redemption in full, or in part, after March 2024; secured by ad valorem tax revenues.	<u>\$ 1,230,000</u>
\$655,000 General Obligation Refunding Bonds, Series 2016, dated June 22, 2016; due in annual installments of \$75,000 to \$90,000 through March 1, 2024; semi-annual interest payable at 1.875% to 2.125% per annum.	<u>\$ 90,000</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

The bonds are due as follows:

Year Ending September 30.	Direct Placements		Direct Borrowings		TOTAL
	General Obligation Bonds		Revenue Bonds/Notes		
	Principal	Interest	Principal	Interest	
2024	395,000	48,782	49,635	61,053	554,470
2025	320,000	37,509	51,989	58,699	468,197
2026	330,000	27,588	54,454	56,234	468,276
2027	345,000	17,013	57,037	53,651	472,701
2028	355,000	5,772	59,742	50,946	471,460
2029 - 2033	-	-	344,010	209,430	553,440
2034 - 2038	-	-	433,746	119,694	553,440
2039 - 2043	-	-	282,908	20,294	303,202
	<u>\$ 1,745,000</u>	<u>\$ 136,664</u>	<u>\$ 1,333,521</u>	<u>\$ 630,001</u>	<u>\$ 3,845,186</u>

(7) Employee Retirement

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

Substantially all of the Commission's employees are covered under the Parochial Employees' Retirement System of Louisiana. Details concerning the plan are:

**Plan Description:** The Parochial Employees' Retirement System of Louisiana (PERS) is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. PERS was established and provided for by RS 11.1901 of the Louisiana Revised Statute (LRS).

PERS provides retirement benefits to employees of taxing Commissions of a parish or any branch or section of a parish within the state which does not have its own retirement system and which elects to become members of PERS.

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

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

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

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

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

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

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

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

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

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

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

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

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

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

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

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

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

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

**Employer Contributions:** According to state statute, contributions for all employers are actuarially determined each year. For the plan year ended December 31, 2022, the actuarially determined contribution rate was 4.93% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2022 was 7.50% for Plan B.

**Non-employer Contributions:** According to state statute, PERS also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. During the year ended September 30, 2023, the Commission recognized revenue as a result of support received from non-employer contributing entities of \$10,561 for its participation in PERS.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources:

At September 30, 2023, the Commission reported a liability in its financial statements of \$157,775 for its proportionate share of the net pension liability of PERS. The net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2022, the Commission's proportional share of PERS was 0.662671%, which was an increase of 0.062077% from its proportion measured as of December 31, 2021.

For the year ended September 30, 2023, the Commission recognized a pension expense of \$106,636 in its activities.

At September 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,282	\$ 31,651
Changes of assumptions	7,438	-
Net difference between projected and actual earnings on pension plan investments	248,147	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	8,187
Employer contributions subsequent to the measurement date	46,915	-
	<u>\$ 305,782</u>	<u>\$ 39,838</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

The \$46,915 reported as deferred outflows of resources resulting from the Commission's contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2023	(2,431)
2024	32,650
2025	79,232
2026	109,578
	\$ 219,029

*Actuarial Assumptions*

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

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2023 are as follows:

	Parochial Employees' Retirement System of Louisiana Plan B
Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.40% <sup>o</sup> , net of investment expense, including inflation
Projected Salary Increases	4.25% <sup>o</sup>
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Inflation Rate	2.30% <sup>o</sup>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

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

The investment rate of return was 6.40% for Plan B, which was unchanged from the rate used in the prior year. The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.70% for the year ended December 31, 2022.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of December 31, 2022 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate Of Return
Fixed Income	33%	1.17%
Equity	51%	3.58%
Alternatives	14%	0.73%
Real assets	2%	0.12%
Totals	100%	5.60%
Inflation		2.10%
Expected Arithmetic Nominal Return		7.70%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plan Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

*Sensitivity to Changes in Discount Rate*

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

	Changes in Discount Rate		
	1%	Current	1%
	Decrease 5.40%	Discount Rate 6.40%	Increase 7.40%
Net Pension Liability (Asset)	\$ 510,533	\$ 157,775	\$ (137,516)

*Payables to the Pension Plan*

The Commission recorded accrued liabilities to PERS for the year ended September 30, 2023, primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accrued liabilities. The balance due to PERS as of September 30, 2023 is \$16,373.

(8) Contingencies

The Commission operates a water and sewerage plant, which are regulated by the Department of Environmental Quality and the Environmental Protection Agency. In the opinion of the Board of Commissioners, all applicable regulations have received full compliance, however, due to the complexity of the regulations, differing interpretations of the regulations by DEQ and/or the EPA may result in instances of noncompliance.

Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Commission is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended September 30, 2023. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(9) Compensation Paid to Board Members

The schedule of compensation paid to the board of commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Louisiana Revised Statute 33:7833 limits compensation paid to board members, with the approval of the board, for per diem and travel allowance to an amount not to exceed \$300 per month.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

A detail of compensation paid to the Board of Commissioners is as follows:

Joel Authement	\$ 3,000
Herbert Bell	3,000
Anthony Darden	3,000
William Grey	3,000
Stephanie Milton	3,000
Camile Punch	3,600
Willie Scott	3,600
	<u>\$ 22,200</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. For the year ended September 30, 2023, the Commission's Chief Officer, Willie Scott, received \$3,600 in per diem payments.

(10) Related Party Activity

Parish of St. Mary ("Parish"):

The Commission collects garbage fees and mosquito charges on behalf of the Parish, the Commission's primary government. The Commission receives 4.333% of each month's collections for their services. The Commission is also billed by the Parish for its respective share of wastewater treated at the Parish's regional treatment facility. Of the \$313,655 reported as amounts due to other governmental units at September 30, 2023, \$241,187 is due to the Parish.

(11) Intergovernmental Agreement

On March 1, 1995, the Commission (through the abolished Sewerage Commission No. 9 of the Parish of St. Mary) entered into an agreement with the Sovereign Nation of the Chitimacha (Chitimacha Tribe of Louisiana) for the construction, operation and maintenance of sanitary sewerage collection and treatment facilities. The agreement is binding on the Commission and Tribe for a period of 40 years unless renewed upon mutual consent or terminated by agreement between the parties. The agreement provides that the Commission and the Tribe were each responsible for the construction, maintenance and operation of the non-joint-service components that service their customers only. The Commission was and is responsible for the construction, administration, operation, and maintenance of the joint service components. The costs associated with the construction of the sewer treatment facility was shared equally by the Commission and the Tribe up to \$425,000 each. The Tribe contributed a lump sum amount of \$35,000 as its share of costs related to the construction of other joint service components such as regional pump stations and regional force mains to be constructed under the agreement and that may be constructed in the future over an anticipated 20-year period. For the treatment facility and the other joint service components, ownership shall vest to the Commission and the Tribe in relation of their cost contribution in proportion to the total costs of the construction.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
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Notes to Financial Statements (continued)

Subject to the direction of the Management Committee, made up of one representative from the Commission and one from the Tribe, the Commission shall be responsible for the proper physical operation and maintenance of all joint service components constructed under the agreement. The Commission shall determine, establish, and institute an equitable system of user charges for the users of the facilities for the payment of the necessary costs of operation and maintenance of the joint service components. The Tribe shall, on a monthly basis, pay to the Commission their pro-rata share of the costs of operating and maintaining the joint service components. The pro-rata share of the costs shall be determined based on the proportionate burden placed on the facility by the sewer customers of each of the parties as indicated by flow measurements. The Commission shall pay all costs of operation and maintenance of the facility as they become due and payable and shall submit to the Tribe, monthly, following such payment, an itemized statement showing such costs

(12) Tax Abatements

The Commission is subject to certain property tax abatements granted by the Louisiana Board of Commerce and Industry ("LBCI"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the Commission may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, local governments have the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program. For the year ended September 30, 2023, the Commission incurred abatements of ad valorem taxes through ITEP.

ITEP is authorized by Article 7, Section 21(F) of the Louisiana Constitution. Companies qualifying as manufacturers can apply to the LBCI for a property tax exemption on all new property, as defined, used in the manufacturing process. Under ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5 year term and are renewable for an additional 5 year term upon approval by LBCI. These state-granted abatements have resulted in reductions of property taxes, which the tax entity administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement. For the year ended September 30, 2023, \$392,417 of the Commission's ad valorem tax revenues were abated by other governments through ITEP.

(13) Subsequent Event

In October 2023, the Commission adopted a resolution providing the issuance of \$650,000 of Revenue Anticipation Note, Series 2023 for the purpose of paying the cost of current operations, in anticipation of the revenues of the Issuer.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Notes to Financial Statements (continued)

(14) New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements:

GASB Statement 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The standard is effective for annual reporting periods beginning after June 15, 2023. The effect of implementation on the Commission's financial statements has not yet been determined.

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This standard is effective for annual reporting periods beginning after December 15, 2023. The effect of implementation on the Commission's financial statements has not yet been determined.

**REQUIRED SUPPLEMENTARY INFORMATION**

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Schedule of Employer's Share of Net Pension Liability (Asset)  
Year Ended September 30, 2023

Plan Year Ended Dec. 31	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/Asset
2014	0.590839%	\$ 1,641	513,227	0.32%	99.89%
2015	0.609904%	\$ 108,591	512,135	21.20%	93.48%
2016	0.595456%	\$ 77,354	593,188	13.04%	95.50%
2017	0.542440%	\$ (68,250)	572,547	-11.92%	104.02%
2018	0.631072%	\$ 170,494	658,637	25.89%	91.93%
2019	0.547931%	\$ (39,641)	595,804	-6.65%	102.05%
2020	0.538516%	\$ (138,251)	616,772	-22.42%	106.76%
2021	0.600594%	\$ (335,618)	685,984	-48.93%	114.20%
2022	0.662671%	\$ 157,775	771,844	20.44%	106.09%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. See independent auditor's report and note to retirement system schedules.*

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Schedule of Employer Pension Contributions  
Year Ended September 30, 2023

Fiscal Year Ended Sept. 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 53,893	\$ 53,893	\$ -	\$ 512,135	10.52%
2016	\$ 47,455	\$ 47,455	\$ -	\$ 593,188	8.00%
2017	\$ 44,868	\$ 44,868	\$ -	\$ 560,836	8.00%
2018	\$ 48,203	\$ 48,203	\$ -	\$ 631,653	7.63%
2019	\$ 46,960	\$ 46,960	\$ -	\$ 626,130	7.50%
2020	\$ 45,205	\$ 45,205	\$ -	\$ 602,729	7.50%
2021	\$ 52,419	\$ 52,419	\$ -	\$ 698,925	7.50%
2022	\$ 56,356	\$ 56,356	\$ -	\$ 751,422	7.50%
2023	\$ 60,755	\$ 60,755	\$ -	\$ 810,065	7.50%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. See independent auditor's report and note to retirement system schedules.*

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Note to Retirement System Schedules  
Year Ended September 30, 2023

Parochial Employees' Retirement System

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

Changes of assumptions –

Plan Year ended December 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2014	7.25%	7.25%	3.00%	4	5.75%
2015	7.00%	7.00%	2.50%	4	5.25%
2016	7.00%	7.00%	2.50%	4	5.25%
2017	6.75%	6.75%	2.50%	4	5.25%
2018	6.50%	6.50%	2.40%	4	4.25%
2019	6.50%	6.50%	2.40%	4	4.25%
2020	6.40%	6.40%	2.30%	4	4.25%
2021	6.40%	6.40%	2.30%	4	4.25%
2022	6.40%	6.40%	2.30%	4	4.25%

**SUPPLEMENTARY INFORMATION**

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4

Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through/ Entity Identifying Number	Provided to Subrecipients	Expenditures
UNITED STATES DEPARTMENT OF THE TREASURY				
Passed through State of Louisiana, Division of Administration				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Water Sector	21.027	LAWSP10231	<u>\$ -</u>	<u>\$ 761,973</u>

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2023

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Commission. The Commission's reporting entity is defined in Note 1 to the financial statements for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Commission. The American Rescue Plan Act Funding Program from the U.S. Department Treasury, passed through the Louisiana Division of Administration was considered to be the major federal program of the Commission.

(2) Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through identifying numbers are presented where available. The Commission did not incur any indirect costs associated with federal awards. The Commission has not elected to use the ten (10) percent de minimis indirect cost.

(3) Subrecipients

The Commission provided no federal awards to subrecipients.

(4) Donated PPE Purchased with Federal Assistance Funds for the COVID-19 Response

The Commission did not receive donated PPE purchased with federal assistance funds for COVID-19 response.

## **OTHER INFORMATION**

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Statement of Net Position  
September 30, 2023

With Comparative Totals as of September 30, 2022

	2023	2022
<b>ASSETS</b>		
Current assets:		
Cash and interest-bearing deposits	\$ 58,136	\$ 252,017
Receivables:		
Accounts receivable	171,288	170,376
Ad Valorem receivable	19,035	502,440
Due from State of Louisiana	761,973	-
Prepaid expenses	34,947	31,972
Total current assets	1,045,379	956,805
Noncurrent assets:		
Restricted assets:		
Cash and interest-bearing deposits	379,937	1,081,431
Capital assets:		
Land and construction in progress	809,722	172,310
Other, net of accumulated depreciation	8,655,087	8,711,825
Other assets:		
Net pension asset	-	335,618
Total noncurrent assets	9,844,746	10,301,184
Total assets	10,890,125	11,257,989
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to net pension liability	305,782	63,703

(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Statement of Net Position (continued)  
September 30, 2023  
With Comparative Totals as of September 30, 2022

	2023	2022
<b>LIABILITIES</b>		
Current liabilities:		
Cash overdraft	\$ -	\$ 56,210
Accounts payable	713,422	-
Accrued liabilities	42,868	17,212
Accrued interest		
Note payable	20,987	
Due to other governmental units	313,655	122,146
Payable from restricted assets:		
Current maturities of bonds payable	444,635	432,388
Refundable deposits	226,027	188,225
Total current liabilities	1,761,594	816,181
Noncurrent liabilities:		
Bonds payable	2,633,886	3,079,069
Compensated absences	136,959	106,155
Net pension liability	157,775	-
Total noncurrent liabilities	2,928,620	3,185,224
Total liabilities	4,690,214	4,001,405
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to net pension liability	39,838	256,365
<b>NET POSITION</b>		
Net investment in capital assets	6,386,288	5,372,678
Restricted for debt service	153,910	460,818
Unrestricted (deficit)	(74,343)	1,230,426
Total net position	\$ 6,465,855	\$ 7,063,922

*See independent auditor's report.*

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Statement of Revenues, Expenses and Changes in Fund Net Position  
Year Ended September 30, 2023  
With Comparative Totals for the Year Ended September 30, 2022

	2023	2022
<b>OPERATING REVENUES</b>		
Water sales	\$ 1,238,421	\$ 1,300,209
Sewer user and inspection fees	401,525	332,157
Commissions and fees for services	44,814	51,841
Other	10,561	8,813
Total operating revenues	1,695,321	1,693,020
<b>OPERATING EXPENSES</b>		
Salaries and related benefits	1,035,277	785,159
Supplies and materials	8,487	11,857
Operation and maintenance	766,489	903,597
Other services and charges	247,348	153,826
Plant operation	664,255	425,935
Bad debt expense	14,931	-
Depreciation	757,299	873,937
Total operating expenses	3,494,086	3,154,311
Operating loss	(1,798,765)	(1,461,291)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Ad valorem taxes	651,091	940,350
Bond interest and fiscal charges	(126,189)	(137,467)
Interest income	513	1,690
Intergovernmental grants	761,973	-
Miscellaneous income	22,486	69,161
Total nonoperating revenue (expense)	1,309,874	873,734
Loss before special item	(488,891)	(587,557)
<b>SPECIAL ITEM</b>		
Recovery of bad debt	-	260,107
Loss on transfer of water system from Town of Baldwin	(109,176)	-
Total special items	(109,176)	260,107
Changes in net position	(598,067)	(327,450)
<b>NET POSITION, beginning</b>	7,063,922	7,391,372
<b>NET POSITION, ending</b>	\$ 6,465,855	\$ 7,063,922

*See independent auditor's report.*

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Statement of Cash Flows  
Year Ended September 30, 2023  
With Comparative Totals for the Year Ended September 30, 2022

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Revenue collected	\$ 1,668,917	\$ 1,669,272
Payments for goods and services	(737,980)	(1,519,790)
Payments to employees	(959,125)	(880,617)
Net cash used by operating activities	(28,188)	(731,135)
<b>NONCAPITAL FINANCING ACTIVITIES</b>		
Miscellaneous receipts	60,288	68,818
Taxes received	(104,734)	960,797
Net cash used by noncapital financing activities	(44,446)	1,029,615
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(969,892)	(385,786)
Interest and fiscal charges paid	(113,942)	(149,308)
Intergovernmental grant proceeds	761,973	-
Principal payments on bonds	(445,183)	(433,942)
Net cash used by capital and related financing activities	(767,044)	(969,036)
<b>INVESTING ACTIVITIES</b>		
Interest received	513	1,690
Net change in cash and cash equivalents	(839,165)	(668,866)
Cash and cash equivalents, beginning	1,277,238	1,946,104
Cash and cash equivalents, ending	\$ 438,073	\$ 1,277,238

(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Statement of Cash Flows (continued)  
Year Ended September 30, 2023  
With Comparative Totals for the Year Ended September 30, 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (1,798,765)	\$ (1,461,291)
Adjustments to reconcile operating income to net cash used by operating activities-		
Depreciation	757,299	873,937
Pension expense, net of nonemployer contributions	34,787	(104,271)
Changes in assets and liabilities:		
Receivables	(912)	(14,935)
Prepaid expenses and other assets	(2,975)	(3,570)
Accounts payable	713,422	(8,816)
Accrued liabilities	56,460	4,010
Note payable	20,987	-
Due to other governmental entities	191,509	(16,199)
Net cash used by operating activities	<u>\$ (28,188)</u>	<u>\$ (731,135)</u>

*See independent auditor's report.*

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Statement of Net Position By Utility  
September 30, 2023

ASSETS	Water	Sewer
Current assets:		
Cash and interest-bearing deposits	\$ 58,136	\$ -
Receivables:		
Accounts receivable	171,288	-
Ad Valorem receivable	19,035	-
Due from State of Louisiana	761,973	-
Prepaid expenses	34,947	-
Total current assets	1,045,379	-
Noncurrent assets:		
Restricted assets:		
Cash and interest-bearing deposits	309,242	70,695
Capital assets:		
Land and construction in progress	809,722	-
Other, net of accumulated depreciation	7,005,056	1,650,031
Total noncurrent assets	8,124,020	1,720,726
Total assets	9,169,399	1,720,726
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to net pension liability	305,782	-

ST. MARY PARISH WATER AND SEWER COMMISSION NO 4  
Baldwin, Louisiana

Statement of Net Position By Utility (continued)  
September 30, 2023

	Water	Sewer
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 713,422	\$ -
Accrued liabilities	42,868	-
Note payable	20,987	-
Due to other governmental units	313,655	-
Payable from restricted assets:		
Current maturities of bonds payable	416,359	28,276
Refundable deposits	226,027	-
Total current liabilities	1,733,318	28,276
Noncurrent liabilities:		
Bonds payable	1,945,925	687,961
Compensated absences	136,959	-
Net pension liability	157,775	-
Total noncurrent liabilities	2,240,659	687,961
Total liabilities	3,973,977	716,237
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to net pension liability	39,838	-
<b>NET POSITION</b>		
Net investment in capital assets	5,452,494	933,794
Restricted for debt service	83,215	70,695
Unrestricted (deficit)	(74,343)	-
Total net position	\$ 5,461,366	\$ 1,004,489

*See independent auditor's report.*

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Statement of Revenues, Expenses and Changes in Fund Net Position by Utility  
Year Ended September 30, 2023

	Water	Sewer
<b>OPERATING REVENUES</b>		
Water sales	\$ 1,238,421	\$ -
Sewer user and inspection fees	-	401,525
Commission and fees for services	33,842	10,972
Other	7,975	2,586
Total operating revenues	1,280,238	415,083
<b>OPERATING EXPENSES</b>		
Salaries and related benefits	781,799	253,478
Supplies and materials	6,409	2,078
Operation and maintenance	578,825	187,668
Other services and charges	186,787	60,561
Plant operation	501,619	162,636
Bad debt expense	14,931	-
Depreciation	512,168	245,127
Total operating expenses	2,582,538	911,548
Operating loss	(1,302,300)	(496,465)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Ad valorem taxes	406,588	244,503
Bond interest and fiscal charges	(93,298)	(32,891)
Interest income	387	126
Intergovernmental grants	761,973	-
Miscellaneous income	16,981	5,505
Total nonoperating revenues (expenses)	1,092,631	217,243
Loss before special item	(209,669)	(279,222)
Loss on transfer of water system from Town of Baldwin	(109,176)	-
Change in net position	(318,845)	(279,222)
NET POSITION, beginning	5,780,211	1,283,711
NET POSITION, ending	\$ 5,461,366	\$ 1,004,489

*See independent auditor's report.*

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Schedule of Number of Customers  
September 30, 2023

Records maintained by the Commission indicate the following number of residential and non-residential water customers were being served during the month of September 2023 were as follows:

	<u>Water</u>	<u>Sewer</u>
Residential	2,856	864
Non-residential	<u>178</u>	<u>55</u>
Total	<u>3,034</u>	<u>919</u>

*See independent auditor's report.*

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Schedule of Insurance in Force  
September 30, 2023

<u>Description of Coverage</u>	<u>Expiration Date</u>	<u>Coverage Amounts</u>
General Liability	2/25/2024	3,000,000
Surety Bonds-		
Blanket coverage of Board of Directors	2/25/2024	60,000
Public Officials and Employees	2/25/2024	1,000,000
Employee Theft	2/25/2024	250,000
Business Auto	2/25/2024	1,000,000
Real and Personal Property	2/25/2024	Replacement Cost

*See independent auditor's report.*

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Schedule of Aged Accounts  
September 30, 2023

Aged receivables were as follows at September 30, 2023:

Under 30 days	\$ 80,264
31 to 60 days	<u>4,117</u>
Subtotal	84,381
Allowance for doubtful accounts	(14,931)
Accrual for unbilled receivables	<u>101,838</u>
Total receivables	<u>\$ 171,288</u>

*See independent auditor's report.*

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Schedule of Water and Sewer Rates  
September 30, 2023

Water and sewer charge rates for residential and non-residential customers of the Commission are as follows:

Residential and non-residential:

Water rates:

- \$14.50 per month for the first 2,000 gallons
- \$3.65 per thousand or part thereof over 1,000 gallons

Sewer rates:

- \$14.50 per month for the first 2,000 gallons
- \$3.65 per thousand or part thereof over 1,000 gallons

Water rates Baldwin customers:

- \$16.50 per month for the first 2,000 gallons
- \$4.65 per thousand or part thereof over 1,000 gallons

*See independent auditor's report.*

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

# KOLDER, SLAVEN & COMPANY, LLC

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

The Board of Commissioners  
St. Mary Parish Water and Sewer Commission No. 4  
Baldwin, 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 St. Mary Parish Water and Sewer Commission No. 4 (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 28, 2024.

### 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 opinion 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 Commission'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. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and which are described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003 and 2023-004.

## **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-005 and 2023-006.

## **Commission's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Commission's response to the findings identified in our audit and described in the accompanying corrective action plan for current audit findings. The Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
March 28, 2024

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Commissioners  
St. Mary Parish Water and Sewer Commission No. 4  
Baldwin, Louisiana

### Report on Compliance for the Major Federal Program

#### *Opinion on the Major Federal Program*

We have audited St. Mary Parish Water and Sewer Commission No. 4's (hereinafter, "Commission") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended September 30, 2023. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2023.

#### *Basis for Opinion on the Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and the provisions of contracts or grant agreements applicable to the Commission's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
March 28, 2024

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2023

Part I. Summary of auditor's results.

Financial Statements

- |                                                        |                                              |            |
|--------------------------------------------------------|----------------------------------------------|------------|
| 1. Type of opinion issued on the financial statements  |                                              | Unmodified |
| 2. Internal control over financial reporting:          |                                              |            |
| Material weakness(es) identified?                      | <u>  ✓  </u> yes <u>      </u> no            |            |
| Significant deficiency(ies) identified?                | <u>      </u> yes <u>  ✓  </u> none reported |            |
| 3. Noncompliance material to the financial statements? | <u>  ✓  </u> yes <u>      </u> no            |            |

Federal Awards

- |                                                  |                                              |  |
|--------------------------------------------------|----------------------------------------------|--|
| 3. Internal control over major federal programs: |                                              |  |
| Material weakness(es) identified?                | <u>      </u> yes <u>  ✓  </u> no            |  |
| Significant deficiency(ies) identified?          | <u>      </u> yes <u>  ✓  </u> none reported |  |

5. Major programs and type of auditor's report issued:

AL Number	Federal Agency and Name of Major Program	Type of Opinion
21.027	<u>United States Department of Treasury</u> COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Water Sector	Unmodified

- |                                                                                 |                   |                   |
|---------------------------------------------------------------------------------|-------------------|-------------------|
| 6. Audit findings required to be reported in accordance with 2 CFR §200.516(a)? | <u>      </u> yes | <u>  ✓  </u> no   |
| 7. Threshold for distinguishing type A and B programs?                          |                   | <u>\$ 750,000</u> |
| 8. Qualified as a low-risk auditee?                                             | <u>      </u> yes | <u>  ✓  </u> no   |

Other

- |                              |                  |                  |
|------------------------------|------------------|------------------|
| 4. Management letter issued? | <u>  ✓  </u> yes | <u>      </u> no |
|------------------------------|------------------|------------------|

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Schedule of Findings and Questioned Costs (continued)  
Year Ended September 30, 2023

Part II. Findings required to be reported in accordance with *Government Auditing Standards*.

A. Internal Control

2023-001 – Segregation of Duties

Year Initially Occurring: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Commission's internal control over financial reporting includes those policies and procedures that pertain to the Commission's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Schedule of Findings and Questioned Costs (continued)  
Year Ended September 30, 2023

2023-002 – Financial Reporting (Application of Generally Accepted Accounting Principles)

Year Initially Occurring: Unknown

CONDITION: The Commission lacks adequate staff and the expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP), as applicable to governmental entities.

CRITERIA: The Commission's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements and to apply GAAP in the preparation of those financial statements and related disclosures.

CAUSE: The condition results from the relatively small size of the Commission and the increased costs of hiring personnel to prepare GAAP-based financial statements.

EFFECT: GAAP-based financial statements, as applicable to governmental entities, are not prepared by the Commission.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

2023-003 – Bank Reconciliations

Year Initially Occurring: 2023

CONDITION: The Commission did not prepare monthly bank reconciliations for certain bank accounts.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel - designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Commission's internal control over financial reporting includes those policies and procedures that pertain to the Commission's ability to record process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.

CAUSE: Bank reconciliations were not prepared.

EFFECT: Transactional and other activity may not be appropriately recorded and/or misappropriations may not be timely detected.

RECOMMENDATION: We recommend policies and procedures be implemented resulting in bank reconciliations being performed and compared to general ledger activity on a periodic basis.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Schedule of Findings and Questioned Costs (continued)  
Year Ended September 30, 2023

2023-004 – Material Financial Statement Adjustments

Year Initially Occurring: 2023

**CONDITION:** Misstatements in the financial statements were not prevented, nor detected and corrected by the Commission's internal control resulting in proposed audit adjustments material to the financial statements.

**CRITERIA:** Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Commission's internal control over financial reporting includes those policies and procedures that pertain to the Commission's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

Such internal controls allow management to prevent or detect and correct misstatements on a timely basis.

**CAUSE:** The condition results from the failure to design and implement or follow implemented policies and procedures which provide assurance that the financial statements are not misstated.

**EFFECT:** Material audit adjustments were necessary to correct misstatements in the financial statements.

**RECOMMENDATION:** We recommend the Commission design and implement policies and procedures or follow implemented policies and procedures which provide assurance to the fair presentation of the financial statements.

B. Compliance and Other Matters

2023-005 – Late Filing of State Taxes

Year Initially Occurring: 2023

**CONDITION:** The Commission did not submit sales and payroll taxes to the state on or before the required filing dates.

**CRITERIA.** RS 47:114(B) Returns and payment of tax. Date for filing quarterly returns (payroll) states "The due date for filing the quarterly returns required under this Subpart shall be the last day of the month following the close of the calendar quarterly reporting period."

RS 47:306(A)(b) Returns and payment of tax (sales tax) states in part "the return ...for the quarter shall be filed on or before the twentieth day of the first month of the next succeeding quarter...."

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4  
Baldwin, Louisiana

Schedule of Findings and Questioned Costs (continued)  
Year Ended September 30, 2023

RS 47.1562(A) – Determination and notice of tax due states in part “If a taxpayer fails to make and file any return or report required by the provisions of this Subtitle the secretary shall determine the tax, penalty, and interest due by estimate or otherwise....”

CAUSE: Failure to submit tax returns in a timely manner.

EFFECT: The Commission may not be in compliance with required laws and paid unnecessary amounts for penalties and interest.

RECOMMENDATION: We recommend that the Commission comply with required laws and file returns on a timely basis.

2023-006 – State Bond Commission Approval

Year Initially Occurring: 2023

CONDITION: The Commission financed insurance policy premiums beyond 90 days without approval by the State Bond Commission.

CRITERIA: RS 39:1410.60(A) states in part “No public entity, created under or by the constitution and laws of the state shall have authority to borrow money, incur debt, or to issue bonds, or other evidences of debt, or to levy taxes, or to pledge uncollected taxes or revenues for the payment thereof, where they are authorized by the constitution or laws of the state so to do, without the consent and approval of the State Bond Commission.” And (B)(1) states “The provisions of this Section shall not apply to purchases made in the ordinary course of administration on terms of credit not to exceed ninety days.”

CAUSE: Failure to obtain State Bond Commission approval prior to financing insurance policy premiums.

EFFECT: The Commission may not be in compliance with required laws.

RECOMMENDATION: We recommend that the Commission comply with required laws and obtain State Bond Commission approval and consent prior to incurring debt.

Part III. Findings and questioned costs reported in accordance with the Uniform Guidance:

No findings reported under this section.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**APPENDIX A**



**WATER & SEWER COMMISSION #4  
OF THE PARISH OF ST MARY  
P O BOX 216  
CHARENTON, LOUISIANA 70523  
Ph# 337-923-7512 Fax# 337-923-7016**

## **Summary Schedule of Prior Audit Findings Year Ended September 30, 2023**

**WILLIE SCOTT**  
PRESIDENT  
P O Box 94  
CHARENTON, LA 70523

**ANTHONY R DARDEN**  
VICE-PRESIDENT  
P O Box 548  
CHARENTON, LA 70523

**CAMILE J PUNCH**  
SECRETARY-TREASURER  
3167 Hwy 87  
FRANKLIN, LA 70538

**STEPHANIE LEE BURNEY**  
906 IRISH BEND RD  
FRANKLIN, LA 70538

**HERBERT BELL**  
P O Box 644  
BALDWIN, LA 70514

**JOEL AUTHEMENT**  
P O Box 668  
CHARENTON, LA 70523

**WILLIAM P GRAY**  
P O Box 545  
BALDWIN, LA 70514

### **A. Internal Control-**

#### **2022-001 - Segregation of Duties:**

**CONDITION:** Accounting and financial functions are not adequately segregated.

**RECOMMENDATION:** Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

**CURRENT STATUS:** See schedule of audit results and findings item 2023-001.

#### **2022-002 - Financial Reporting (Application of Generally Accepted Accounting Principles)**

**CONDITION:** The Commission lacks adequate staff and the expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP), as applicable to governmental entities.

**RECOMMENDATION:** Due to the size of the operation and the cost-benefit of hiring additional personnel, it may not be economically feasible to achieve the desired benefit.

**CURRENT STATUS:** See schedule of audit results and findings item 2023-002.

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**CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS**

**APPENDIX B**



**WATER & SEWER COMMISSION #4  
OF THE PARISH OF ST MARY  
P O BOX 216  
CHARENTON, LOUISIANA 70523  
Ph# 337-923-7512 Fax# 337-923-7016**

**WILLIE SCOTT**  
PRESIDENT  
P O BOX 94  
CHARENTON, LA 70523

March 28, 2024

**ANTHONY R DARDEN**  
VICE-PRESIDENT  
P O BOX 548  
CHARENTON, LA 70523

**Kolder, Slaven & Company, LLC**  
1201 David Drive  
Morgan City, LA 70380

**CAMILE J PUNCH**  
SECRETARY-TREASURER  
3167 HWY 87  
FRANKLIN, LA 70538

The following is in response to the findings resulting from the St. Mary Parish Water and Sewer Commission No. 4 audit for the fiscal year ended September 30, 2023:

**STEPHANIE LEE BURNEY**  
906 IRISH BEND RD  
FRANKLIN, LA 70538

**2023-001 – Segregation of Duties**

**CONDITION:** Accounting and financial functions are not adequately segregated.

**HERBERT BELL**  
P O BOX 644  
BALDWIN, LA 70514

**MANAGEMENT'S RESPONSE:** Due to the size of the operation and the cost-benefit of additional personnel, we were advised that a response to this issue is not required.

**JOEL AUTHEMENT**  
P O BOX 668  
CHARENTON, LA 70523

**2023-002 - Financial Reporting**

**CONDITION:** The Commission lacks adequate staff to properly prepare financial statements in accordance with U.S. GAAP, as applicable to governmental entities.

**WILLIAM P GRAY**  
P O BOX 545  
BALDWIN, LA 70514

**MANAGEMENT'S RESPONSE:** The Board of Commissioners continues to evaluate the cost-benefit of outsourcing the preparation of the Commission's financial statements to its independent auditors rather than incur the costs to employ someone to prepare GAAP-based financial statements and have determined that it would be more cost effective to outsource the preparation of the Commission's financial statements. We will review the financial statements, notes, and any supplementary information prior to accepting responsibility for their presentation and content.

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2023-003 - Bank Reconciliations

CONDITION: The Commission did not prepare periodic bank reconciliations for certain of its bank accounts.

MANAGEMENT'S RESPONSE: We will implement policies and procedures to ensure that bank reconciliations are performed monthly.

2023-004 - Material Financial Statement Adjustments

CONDITION: Misstatements in the financial statements were not prevented, nor detected and corrected by the Commission's internal control resulting in proposed audit adjustments material to the financial statements.

MANAGEMENT'S RESPONSE: Accounts will be scrutinized for misstatements and errors will be corrected in a timely manner.

2023-005 - Late Filing of State Taxes

CONDITION: The Commission did not submit sales and payroll taxes to the state on or before the required filing dates.

MANAGEMENT'S RESPONSE: We will implement policies and procedures to ensure that returns are filed in accordance with state statutes.

2023-006 - State Bond Commission Approval

CONDITION: The Commission financed insurance policy premiums beyond 90 days without approval by the State Bond Commission.

MANAGEMENT'S RESPONSE: We will implement policies and procedures to comply with required laws and obtain State Bond Commission approval and consent prior to incurring debt.

Sincerely,



Willie Scott  
President

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Arthur R. Mixon, CPA\*  
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Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA  
Deidre L. Stock, CPA

*Of Counsel*

C. Burton Kolder, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA – retired 2022

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WWW.KSRCPAS.COM

## MANAGEMENT LETTER

The Board of Commissioners  
St. Mary Parish Water and Sewer Commission No. 4  
Baldwin, Louisiana

In planning and performing our audit of the financial statements of the St. Mary Parish Water and Sewer Commission No. 4 (hereinafter “Commission”) in accordance with auditing standards generally accepted in the United States of America, we considered the Commission’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control or on its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control or on compliance.

During our audit we became aware of a matter involving internal control or compliance that is summarized below for your consideration. Communication of this matter presents an opportunity for strengthening the Commission’s internal control or improving its compliance with laws, regulations, contracts, or grant agreements or other matters. Our opinion dated March 28, 2024 on the Commission’s financial statements is not affected by this matter. Our comment is not intended to reflect upon the ability or integrity of the Commission’s personnel.

### 2023-ML-1 Sinking Fund and Depreciation and Contingency Requirements

The Commission failed to transfer money into the sinking funds and the depreciation and contingency funds on or before the 20<sup>th</sup> day of each month in accordance with the debt agreements.

Revenue Bonds state in part “...by transferring from the Revenue Fund monthly in advance on or before the 20th day of each month, a sum at least equal to 5% of the amount required to be paid into the Sinking Fund. Upon the Reserve Fund being funded to the Reserve Fund Requirement, the monthly deposit into the Contingency Fund will increase to 10% of the amount to be paid into the Sinking Fund.”

We recommend that the Commission comply with the debt agreements.

St Mary Parish Water and Sewer Commission No. 4  
Management Letter

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not identify all weaknesses in policies and procedures or incidents of noncompliance that may exist. We aim, however, to use our knowledge of the Commission's operations gained during our work to make comments and suggestions that we hope will be useful to you.

We will review the status of this comment during our next audit engagement. We have already discussed the comment and suggestion with various Commission personnel, and we will be pleased to discuss them in further detail at your convenience.

This communication is intended solely for the information and use of the Commission's management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

We would like to express our appreciation to you for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need additional assistance, please feel free to contact us.

***KOLDER, SLAVEN & COMPANY, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
March 28, 2024



WATER & SEWER COMMISSION #4  
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VICE-PRESIDENT  
P O BOX 548  
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JENNY DARCE  
SECRETARY-TREASURER  
2018 CHITIMACHA TRAIL  
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JEANERETTE, LA 70544

JOEL AUTHEMENT  
P O BOX 668  
CHARENTON, LA 70523

WILLIAM P GRAY  
P O BOX 545  
BALDWIN, LA 70514

March 28, 2024

Kolder, Slaven & Company, LLC  
1201 David Drive  
Morgan City, LA

The following is in response to the management letter resulting from the St. Mary Water and Sewer No. 4 audit for the fiscal year ended September 30, 2023.

2023-ML-1 Sinking Fund and Depreciation and Contingency Requirements

The Commission failed to transfer money into the sinking funds and the depreciation and contingency funds on or before the 20<sup>th</sup> day of each month in accordance with the debt agreements.

Revenue Bonds state in part "...by transferring from the Revenue Fund monthly in advance on or before the 20th day of each month, a sum at least equal to 5% of the amount required to be paid into the Sinking Fund. Upon the Reserve Fund being funded to the Reserve Fund Requirement, the monthly deposit into the Contingency Fund will increase to 10% of the amount to be paid into the Sinking Fund."

We recommend that the Commission comply with the debt agreements.

The Commission will transfer funds on or before the required date.

Sincerely,

Tandra Verret  
Office Manager

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**ST. MARY PARISH WATER  
AND SEWER COMMISSION NO. 4**  
Statewide Agreed-Upon Procedures

Fiscal period October 1, 2022 through September 30, 2023

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

The Board of Commissioners  
St. Mary Parish Water and Sewer Commission No. 4 and  
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2022 through September 30, 2023. The management of the St. Mary Parish Water and Sewer Commission No. 4 (hereinafter "Commission") is responsible for those control and compliance areas identified in the SAUPs.

An agreed-upon procedures engagement involves the performing of specific procedures that the Commission has agreed to and acknowledged to be appropriate on those control and compliance areas identified in the LLA's SAUPs for the fiscal period October 1, 2022 through September 30, 2023 and report on exceptions based upon the procedures performed. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. However, 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 exceptions, if any, are as follows:

### ***1) Written Policies and Procedures***

- A. 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:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

*The Commission does not have written policies and procedures for budgeting.*

- ii. **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.  
*Written policies and procedures were obtained from the Commission and address the subcategories above with the exception of (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, and (5) documentation required to be maintained for all bids and price quotes.*
- iii. **Disbursements**, including processing, reviewing, and approving.  
*The Commission does not have written policies and procedures for disbursements*
- iv. **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).  
*The Commission does not have written policies and procedures for receipts/collections.*
- v. **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 rates of pay or approval and maintenance of pay rate schedules.  
*Written policies and procedures were obtained and address the subcategories above with the exception of (1) payroll processing.*
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.  
*The Commission does not have written policies and procedures for contracting*
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.  
*The Commission does not have written policies and procedures for travel and expense reimbursements*
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).  
*The Commission does not have written policies and procedures for credit cards.*
- ix. **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.  
*The Commission does not have written policies and procedures for ethics.*
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.  
*The Commission does not have written policies and procedures for debt service.*

- xi. **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.

*The Commission does not have written policies and procedures for information technology disaster recovery/business continuity.*

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

*Written policies and procedures were obtained and address the subcategories above with the exception of (2) annual employee training and (3) annual reporting.*

## **2) Board or Finance Committee**

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- A. 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

*Obtained and inspected board minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period*

- i. 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.

*No exceptions were found as a result of this procedure.*

- ii. 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.

*Not applicable to the Commission's operations.*

- iii. 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.

*Not applicable to the Commission's operations.*

- iv. Observe whether the board finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

*Not applicable- There were no audit findings requiring a corrective action plan.*

### **3) Bank Reconciliations**

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- A. 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:

*Obtained a listing of bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the main operating account, and four (4) additional accounts were randomly selected. Obtained and inspected the corresponding bank statements and reconciliations for each account.*

- i. 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);

*Bank reconciliations were not prepared for the main operating account and two (2) of the additional accounts for the month selected.*

- ii. Bank reconciliations include written evidence that a member of management or a 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

*No exceptions were found as a result of this procedure, as applicable.*

- iii. 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.

*No exceptions were found as a result of this procedure, as applicable*

### **4) Collections (excluding electronic funds transfers)**

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- A. 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).

*Obtained 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. Selected the Commission's one (1) deposit site.*

- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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:

*Obtained a listing of collection locations for the one (1) deposit site from management and management's representation that the listing is complete. Selected the one (1) collection location for the deposit site.*

- i. Employees responsible for cash collections do not share cash drawers/registers;

*No exceptions were found as a result of this procedure.*

- ii. Each employee responsible for collecting cash is not also responsible for preparing making bank deposits, unless another employee official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit:

*The employee responsible for preparing/making bank deposits is also responsible for collecting cash without another employee being responsible for reconciling collection documentation to the deposit.*

- iii. Each employee responsible for collecting cash is not also 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; and

*No exceptions were found as a result of this procedure.*

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee official verifies the reconciliation.

*No exceptions were found as a result of this procedure.*

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

*Obtained from management a copy of the insurance policy for theft covering all employees who have access to cash and observed that the insurance policy for theft was in force during the fiscal period*

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). Obtain supporting documentation for each of the 10 deposits and:

*Randomly selected two (2) deposit dates for the selected bank accounts under procedure #3A and obtained supporting documentation for each of the deposits.*

- i. Observe that receipts are sequentially pre-numbered.

*No exceptions were found as a result of this procedure.*

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip

*No exceptions were found as a result of this procedure.*

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions were found as a result of this procedure.*

- iv. Observe that 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).

*No exceptions were found as a result of this procedure.*

- v. Trace the actual deposit per the bank statement to the general ledger.

*No exceptions were found as a result of this procedure.*

**5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)**

- A. 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).

*Obtained a listing of locations that process payments and management's representation that the listing is complete. Selected the Commission's one (1) location.*

- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

*No exceptions were found as a result of this procedure.*

- ii. At least two employees are involved in processing and approving payments to vendors;

*No exceptions were found as a result of this procedure.*

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files,

*The employee responsible for processing payments is not prohibited from adding/modifying vendor files and no other employee is responsible for periodically reviewing changes.*

- iv. 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; and

*The employee responsible for processing payments also mails the payments.*

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

*No exceptions were found as a result of this procedure.*

- C. For each location selected under procedure #5A 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

*Obtained the non-payroll disbursement population for the Commission's one (1) location and management's representation that the population is complete. Randomly selected five (5) disbursements for the location and obtained supporting documentation.*

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

*No exceptions were found as a result of this procedure.*

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

*Three (3) of the five (5) selected disbursements did not include evidence of segregation of duties.*

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

*No exceptions were found as a result of this procedure*

#### **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards**

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

*Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards, including the card numbers, the names of the persons who maintained possession of the cards, and management's representation that the listing is complete.*

- B. 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

*Selected the three (3) cards used during the fiscal period and randomly selected one (1) monthly statement for each.*

- i. 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; and

*No exceptions were found as a result of this procedure.*

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

*No exceptions were found as a result of this procedure.*

- C. Using the monthly statements or combined statements selected under procedure #6B 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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that 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 observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*Selected the eight (8) transactions of the Commission's one (1) card that was not a fuel card. One (1) of the eight (8) transactions selected was not supported by an itemized receipt identifying precisely what was purchased. Written documentation of the business/public purpose could not be obtained for the eight (8) transactions*

**7) *Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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- A. 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 and 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

*Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete. Selected the four (4) reimbursements.*

- i. If reimbursed using a per diem, observe that 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)):

*No exceptions were found as a result of this procedure*

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

*No exceptions were found as a result of this procedure.*

- iii. Observe that 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 Policies and Procedures procedure #1A(vii); and

*Three (3) of the four (4) reimbursements did not include documentation of the business/public purpose.*

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*The four (4) reimbursements did not include evidence of review and approval, in writing, by someone other than the person receiving the reimbursement.*

**8) *Contracts***

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- A. 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. 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

*Obtained 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 and management's representation that the listing is complete. Selected the two (2) contracts*

- i. 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,

*No exceptions were found as a result of this procedure.*

- ii. Observe whether the contract was approved by the governing body board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

*No exceptions were found as a result of this procedure.*

- iii. If the contract was amended (e.g., change order), observe that 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, the documented approval); and

*Not applicable – The contracts were not amended.*

- iv. 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 that the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions were found as a result of this procedure.*

## **9) Payroll and Personnel**

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- A. 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.

*Obtained a listing of all employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected five (5) employees or officials and agreed paid salaries to authorized salaries/pay rates in personnel files with no exceptions.*

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

*No exceptions were found as a result of this procedure.*

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

*No exceptions were found as a result of this procedure.*

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records, and

*No exceptions were found as a result of this procedure.*

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

*No exceptions were found as result of this procedure.*

- C. 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 and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

*Obtained a listing of all employees and officials that received termination payments during the fiscal period and management's representation that the listing is complete. Selected the one (1) employee or official and performed the procedures above with no exception*

- D. 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.

*State withholdings have not been paid, and associated forms filed, for various quarters of the fiscal period. Management asserted that all other related amounts have been paid, and any associated forms have been filed, by required deadlines.*

## **10) Ethics**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

*No exceptions were found as a result of this procedure.*

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable

*Not applicable – The Commission does not have a written ethics policy*

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*No exceptions were found as a result of this procedure.*

## **11) Debt Service**

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- A. 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 that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

*Obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and selected the (1) issuance. The selected issuance, financing of insurance premiums, was not approved by the State Bond Commission.*

- B. 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).

*Obtained a listing of bonds/notes outstanding at the end of the fiscal period and randomly selected one (1) bond note. Sinking fund transfers and contingency fund balances did not meet the requirements of the debt covenants for the selected outstanding bond.*

## ***12) Fraud Notice***

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- A. 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 as required by R.S. 24:523

*Obtained management's representation that there were no misappropriations of public funds and assets during the fiscal period.*

- B. Observe that 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.

*No exceptions were found as a result of this procedure.*

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

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- A. Perform the following procedures.

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

*We performed the procedure and discussed the results with management.*

- ii. Obtain and inspect the entity's most recent documentation that it has tested verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing verifying backup restoration) and observe evidence that the test verification was successfully performed within the past 3 months.

*We performed the procedure and discussed the results with management.*

- iii. 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.

*We performed the procedure and discussed the results with management.*

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

*We performed the procedure and discussed the results with management.*

## ***14) Prevention of Sexual Harassment***

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

*No exceptions were found as a result of this procedure*

- B. Observe that 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).

*The Commission does not have its sexual harassment policy and complaint procedure posted on its premises.*

- C. 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 that the report includes the applicable requirements of R.S. 42:344:

*The Commission did not compile the annual report required by R.S. 42:344. Therefore, the procedures below are not applicable.*

- i. Number and percentage of public servants in the agency who have completed the training requirements:
- ii. Number of sexual harassment complaints received by the agency:
- iii. Number of complaints which resulted in a finding that sexual harassment occurred:
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action: and
- v. Amount of time it took to resolve each complaint.

### **Management's Response**

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The Commission concurs with the exceptions and is working to address the deficiencies identified.

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 provisions of *Government Auditing Standards*, issued by the United States Comptroller General. 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 control and compliance 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.

This report is intended solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the Commission's management and the LLA and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants