

**ST. MARY PARISH SALES AND USE TAX DEPT.  
STATE OF LOUISIANA**

Annual Component Unit Financial Statements with  
Independent Auditors' Report

and

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

For the Year Ended December 31, 2022

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INDEPENDENT AUDITORS' REPORT

Mr. Jeff LaGrange, Director  
St. Mary Parish Sales and Use Tax Dept.  
Morgan City, Louisiana

Opinion

We have audited the accompanying Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position of the St. Mary Parish Sales and Use Tax Dept., a component unit of the St. Mary Parish Council, as of and for the year ended December 31, 2022, and the related notes to the financial statements which collectively comprise the St. Mary Parish Sales and Use Tax Dept.'s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and changes in financial position of the St. Mary Parish Sales and Use Tax Dept., as of December 31, 2022, 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 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 St. Mary Sales and Use Tax Dept. 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 of our audit opinion.

Responsibility of Management for the Financial Statements

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the St. Mary Sales and Use Tax Dept'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 St. Mary Sales and Use Tax Dept.'s ability to continue as a going concern for a reasonable period of time.

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

### Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the Schedule of the Department's Proportionate Share of the Net Pension Liability, the Schedule of Department's Contributions, and the Schedule of the Department's Total OPEB Liability and Related Ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the St. Mary Sales and Use Tax Dept.'s financial statements. The accompanying Schedules of Administrative Cost and Compensation, Benefits, and Reimbursements to Agency Head, Political Subdivision Head, or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Requirements by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2023 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards in considering St. Mary Parish Sales and Use Tax Dept.'s internal control over financial reporting and compliance.

Pitts + Mott

CERTIFIED PUBLIC ACCOUNTANTS

June 29, 2023  
Morgan City, Louisiana

## BASIC FINANCIAL STATEMENTS

**ST. MARY PARISH SALES AND USE TAX DEPT.**

**STATEMENT OF FIDUCIARY NET POSITION**  
December 31, 2022

**ASSETS**

Cash	\$ 3,500,461
Investments	1,943,532
Taxes receivable	6,669,766
Amounts due from taxing units	508,381
Net Pension Asset	<u>325,406</u>
Total assets	<u>12,947,546</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Related to pensions	91,219
Related to OPEB	<u>27,147</u>
Total deferred outflows of resources	<u>118,366</u>

**Total Assets and Deferred Outflows of Resources** \$ 13,065,912

**LIABILITIES**

Accounts payable and accrued liabilities	\$ 230
Amounts due to taxing units:	
Amount payable in January, 2023	3,705,288
Amount payable in February, 2023	6,669,765
Accrued compensated absences	152,270
Other postemployment benefits liability	<u>1,406,006</u>
Total liabilities	<u>11,933,559</u>

**DEFERRED INFLOWS OF RESOURCES**

Related to pensions	<u>308,198</u>
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**NET POSITION**

Restricted	<u>824,155</u>
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**Total Liabilities, Deferred Inflows of Resources,  
and Net Position** \$ 13,065,912

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



**ST. MARY PARISH SALES AND USE TAX DEPT.**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
December 31, 2022

**ADDITIONS**

Sales tax	\$ 50,692,226
Hotel/Motel tax	798,956
Occupational license	1,403,348
Penalty and interest collected	340,147
Interest on investments	12,258
Total additions	<u>53,246,935</u>

**DEDUCTIONS**

Distributions to other governmental units	\$ 52,119,936
Administrative cost	1,100,364
Total liabilities	<u>53,220,300</u>

Change in net position	<u>26,635</u>
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**Net Position**

Net position-beginning of year	<u>797,520</u>
Net position-end of year	<u>\$ 824,155</u>

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

**ST. MARY PARISH SALES AND USE TAX DEPT.**

Notes to the Financial Statement

December 31, 2022

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

The St. Mary Parish Sales and Use Tax Dept. (Department) is responsible for the collection and distribution of the various sales and use taxes levied within the Parish. The Department was created in 1966, when the St. Mary Parish Police Jury, forerunner of the St. Mary Parish Council, adopted its original Sales Tax Ordinance, which levied the first sales tax within the Parish. The Department collects a total of 4.45% (4.75% within the City of Morgan City) sales tax which has been levied over the years and distributes the proceeds to the various taxing units within the Parish.

In addition, the Department collects and distributes the Hotel/Motel Tax and occupational licenses within the parish. Each taxing unit has agreed to reimburse the Department for a portion of the operating costs.

The financial statements of the Department have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Department's accounting policies are described below.

**A. Reporting Entity**

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

1. Financial benefit or burden
2. Appointment of a voting majority
3. Imposition of will
4. Fiscally dependent

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

These financial statements include only the operations of the Department.

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

### B. Fund Accounting

The Department uses funds to report on its financial position and the changes in its assets and liabilities. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category in turn, is divided into separate "fund types": The Department's current operations require only the use of one fiduciary fund, the custodial fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Custodial funds generally are used to account for assets that the government holds on behalf of others as their agent.

#### Fiduciary Fund

#### Custodial Fund

The St. Mary Parish Sales and Use Tax Dept. is categorized as a Fiduciary Fund and is operated as an Custodial Fund type. The Department accounts for the collection and disbursement of Sales Tax, Occupational License, and Hotel/Motel Tax on behalf of governments that levy the taxes.

#### Fund Financial Statements

Governmental fund equity is classified by five categories: nonspendable, restricted, committed, assigned and unassigned.

- a.) Nonspendable - represents those portions of fund equity that cannot be spent because they are not in spendable form or because they are legally or contractually required to be maintained intact.
- b.) Restricted - represents those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.
- c.) Committed - represents those portions of fund equity that can be used only for specific purposes pursuant to constraints imposed by formal action of the Council's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through formal adoption of an ordinance (other than the annual budget ordinance) by the Council
- d.) Assigned - represents those portions of fund equity that are constrained by the Council's intent through budget ordinance to be used for specific purposes, but are neither restricted nor committed.
- e.) Unassigned - represents those portions of fund equity that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General fund.

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

Currently, the Department only requires one category restricted for funds held for taxes paid under protests.

### C. Basis of Accounting

The Department uses the full accrual basis of accounting. Under the accrual basis of accounting, additions are recorded when earned and deductions are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

#### Collections

Sales and use taxes and hotel/motel taxes are recognized in the month that the retail sale or lodging stay occurs, not when the taxes are collected by the Department. Occupational license taxes are recognized when the tax is collected by the Department.

The Department is entitled to the sales and use tax additions at the time a retail sale takes place. Taxes on sales occurring during one month become due on the first day of the subsequent month and the sales tax return and related tax payment on those sales are due to the Department by the twentieth of the subsequent month. Returns and payments received after the twentieth day of the month are delinquent and are charged interest from the first day of the month. The Department collects the sales taxes at that time and then remits the collections to the various taxing units by the tenth of the following month.

The Department records the asset (sales tax receivable) and the related liability (amount payable to taxing units) at the time of the taxable sale.

For example, when taxable sales occur in December, the related asset (receivable) and liability (payable) are recorded in December. The taxes collected on the December sales are due by the twentieth day of January and are distributed to various taxing units on February tenth.

#### Distributions

The liability for distribution to the various taxing units is recorded in the month the various taxes are recognized by the Department.

#### Cost of Operations

Items which make up operating cost are generally recognized under the accrual basis of accounting when the related liability is incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Net Pension Liability and Deferred Outflows and Inflows of Resources

In a prior year, the Department implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions". This GASB statement establishes accounting and financial reporting by state and local governments for pensions. This pronouncement requires the Department to calculate and recognize a net pension liability and certain deferred outflows and inflows of resources and pension costs. The Department is a member of the Parochial Employees' Retirement System of Louisiana – Plan A (PERS-A), a cost sharing multiple employer public employee retirement system. For purposes of measuring its net pension liability, deferred outflows and inflows of resources, and pension costs, the Department uses the same basis as PERS-A.

See Note 5 for further details about this pension plan.

E. Budgets

The Department is not required to adopt and did not adopt a budget for the year ended December 31, 2022.

F. Cash

For financial statement purposes, cash includes demand deposits and interest-bearing demand deposits.

G. Investments

The Department invests primarily in external investment pools. These pooled investments are recorded at fair value.

H. Taxes Paid Under Protest

In some cases there is a dispute between the Department and taxpayers as to the taxability of certain transactions. In these cases taxes paid by the taxpayer are recorded in a restricted cash or investment account and restricted net position. At the time the ultimate taxability of the transaction is determined the funds are either returned to the taxpayer, if the transaction is determined to be nontaxable or distributed to various taxing governments, if the transaction is determined to be taxable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Compensated Absences

Employees earn vacation and sick leave annually at varying rates depending upon length of service. Vacation does not accumulate and can only be used in the current period. Compensated absences due to sick pay are allowed to accumulate from period to period if not used, however, an employee is only compensated for sick time when they are absent due to illness or upon termination due to retirement. An accrual of approximately \$152,000 is made for accumulated sick time estimated to be paid to employees at retirement, based upon their years of services provided through December 31, 2022.

J. Other Postemployment Benefits Liability

The Department has agreed to provide its employees with postemployment benefits as described further in Note 5. In addition, the Department is currently setting aside certain assets to fund these benefit payments that will become due in future years. The assets set aside are reported with investments. The related liability is reported as other postemployment benefits liability.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

In addition, the Department does not have a formal investment policy related to credit risk (including concentrations of credit).

However the Department does follow state law as to limitations on types of deposits and investments as described below.

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

## NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

### Cash and cash equivalents

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

At year end, the carrying amount of the Department's cash was \$3,500,461 and the bank balance was \$3,543,964, \$250,000 of which is covered by federal depository insurance, and the remaining \$3,293,964 was collateralized with securities held by the pledging financial institution.

### Investments

Under state law the Department may invest in certain federal or federally guaranteed securities, certain bank time certificates of deposit, mutual or trust funds, and in the Louisiana Asset Management Pool (LAMP). LAMP is a 2a7-like, external investment pool operated to allow local governments to pool their investment funds. LAMP is not registered with the SEC as an investment company. LAMP is subject to regulatory oversight of the Louisiana State Treasurer and the LAMP board of directors. LAMP share values for the pool are valued at fair value based on quoted market rates determined on a weekly basis. The value of the Department's investment in LAMP is the same as the net asset value of its pool shares.

At year end all of the Department's invested funds were invested with LAMP. These investments total \$1,943,532, including investments of \$1,118,697 invested for other post employment benefits and accrued compensated absences and investments totaling \$819,640 held in escrow for taxes paid in protest and are carried at fair value. These investment pool amounts have not been assigned a credit risk category since the Department is not issued securities, however LAMP has a AAAM rating from Standard and Poor's.

LAMP determines its maturities using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 52 days as of December 31, 2022.

**NOTE 3 - AMOUNTS CURRENTLY DUE TO TAXING UNITS**

The following is a detail of amounts due to taxing units at December 31, 2022:

	<u>Payable in January 2023</u>	<u>Payable in February 2023</u>
St. Mary Parish School Board	\$1,778,164	\$3,187,545
St. Mary Parish Council	539,094	979,764
City of Morgan City	474,829	930,036
City of Franklin	229,686	448,778
City of Patterson	185,776	301,962
Town of Berwick	150,335	280,055
Town of Baldwin	73,044	99,947
St. Mary Parish Recreation District #1	20,667	34,538
St. Mary Parish Sheriff's Office	200,931	371,473
St. Mary Parish Tourist Commission	51,195	35,667
St. Mary Parish-occupational license	143	--
City of Morgan City-occupational license	262	--
Town of Berwick-occupational license	157	--
City of Patterson-occupational license	1,005	--
	<u>\$3,705,288</u>	<u>\$6,669,765</u>

**NOTE 4 – PENSION PLAN**

***Plan Description***

The Department contributes to the Parochial Employees' Retirement System of Louisiana Plan A (PERS-A), a cost sharing multiple-employer public employee retirement system administered by a Board of Trustees. The System was established and provided for by the Louisiana Revised Statutes (LRS).

***Benefits Provided***

PERS-A provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. All permanent employees who work at least 28 hours a week may 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.

**Retirement Benefits**

A members can retire when they meet one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.



#### NOTE 4 – PENSION PLAN (continued)

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

The monthly retirement allowance consists of an amount equal to three percent 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

Upon the death of any member with five or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes. Any member who is eligible for normal retirement at time of death, the surviving spouse shall receive benefits, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve months immediately preceding death of the member, shall be paid benefits 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 members who are eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, members who are eligible to retire may elect to participate in 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 DROP account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

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

#### NOTE 4 – PENSION PLAN (continued)

For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the Board of Trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to 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 PERS-A, 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.

Members shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and have at least five years of creditable service or if hired after January 1, 2007, have seven years of creditable service, and are not eligible for normal retirement and have been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen years, or three percent multiplied by years of service assuming continued service to age sixty for these members who are enrolled prior to January 1, 2007 and to age sixty two for those member 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 sixty-five 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.

##### **Contributions**

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2021, the actuarially determined contribution rate was 10.38% of member's compensation. However, the actual contribution rate for the fiscal year ending December 31, 2021 was 12.25%. Contributions to the Pension Plan from the Department were \$54,587 for the year ended December 31, 2021.

NOTE 4 – PENSION PLAN (continued)

According to state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the respective parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

***Pension Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions***

At December 31, 2022, the Department reported a liability (asset) of \$(325,406) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Department's proportion of the net pension liability (asset) was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2021, the Department's proportion was 0.069082%, which was an decrease of 0.000328% from its proportion measured as of December 31, 2020. For the year ended December 31, 2022, the Department recognized pension benefit of \$(56,755). The Department's proportionate share of non-employer contributions for the year ended December 31, 2022 was \$5,715.

At December 31, 2021, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 19,661	\$ 23,584
Change of assumptions	16,971	
Net difference between projected and actual investment earnings on pension plan investments		3,143
Change in proportion and differences between the contributions		281,471
Department's contributions after measurement date	54,587	
	<u>\$ 91,219</u>	<u>\$ 308,198</u>

Contributions after the measurement date will be included in the determination of the net pension liability for the year ended December 31, 2023.

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 Ending December 31:	
2023	(\$54,880)
2024	(112,066)
2025	(74,452)
2026	(30,168)

NOTE 4 – PENSION PLAN (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2021, are as follows:

Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.40% (Net of investment expense)
Expected Remaining Service lives	4 years
Projected Salary Increases	4.75% (2.45% Merit/2.30% Inflation, including inflation)
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	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.

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 MP 2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the Capital Asset Pricing Model, (CAPM) (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 7.00% for the year ended December 31, 2021.

NOTE 4 -- PENSION PLAN (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	33%	0.85%
Equity	51%	3.23%
Alternatives	14%	0.71%
Real Assets	2%	0.11%
Totals	<u>100%</u>	<u>4.90%</u>
Inflation		<u>2.10%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

**Discount Rate**

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

**Sensitivity of the Net Pension Liability to Changes in the 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:

	1% Decrease (5.40%)	Current Discount Rate (6.40%)	1% Increase (7.40%)
Department's Proportionate Share of Net Pension Liability (Asset)	\$58,014	\$(325,406)	\$(646,591)

**NOTE 4 – PENSION PLAN (continued)**

The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2021. Access to the audit report can be found on the System's website: [www.persla.org](http://www.persla.org) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

**NOTE 5 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**General Information about the OPEB Plan**

*Background.* The Department provides healthcare insurance for their retired employees. Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* specifies the reporting requirements to be followed for local governments that provide healthcare insurance or other benefits to retired employees. The Department implemented these provisions for the year beginning, January 1, 2018. Assets are accumulated by the Department for the OPEB liability, however they are not in a trust and do not meet the criteria in GASB 75.

*Plan Description.* The St Mary Parish Sales and Use Tax Department administers a single-employer defined benefit healthcare plan (the Sales Tax Department OPEB Plan [OPEB Plan]) that provides healthcare insurance for their retired employees.

*Benefits Provided.* Benefit terms of the OPEB Plan provide payment of retirees' health insurance premiums or supplemental health insurance premiums for Medicare eligible retirees, as well as 60% of health insurance premiums or supplemental health insurance premiums for the spouses of living and deceased retirees. The Department and the St Mary Parish Council have the authority to authorize or amend all terms of the OPEB Plan.

*Employees covered by benefit terms.* At December 31, 2022, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>8</u>
Total	<u>11</u>

**NOTE 5- POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**  
(continued)

**Total OPEB Liability**

*Total OPEB Liability.* The Department's total OPEB liability of \$1,406,006 as of December 31, 2022 was calculated based on the alternative measurement method permitted by GASB Statement 75 for employers in plans with fewer than one hundred total plan members.

*Assumptions and other inputs* – The total OPEB liability in the December 31, 2022 alternative measurement method valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%
Salary increases	4.75%, including inflation
Discount rate	2.06% annually (Beginning of Year to Determine ADC) 3.72%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Getzen Model
Mortality	Pub-2010

*Payroll Growth Rate* – 4.75 percent, the payroll growth rate of the St. Mary Parish Council, of which the Department is a component unit.

*Discount rate*—The discount rate is based on the average of the Bond Buyers' 20 year General Obligation Municipal bond index as of December 31, 2022.

*Healthcare cost trend rate*—The healthcare cost trend is based on a Society of Actuaries report performed by a committee of actuaries and economists. The report recommends use of the "Getzen Model." These trend rates assume that deductibles and out-of-pocket maximums will be increased periodically as trends increase over time. The healthcare trend rate used for 2022 was 5.5 percent.

*Retirement age for active employees*—Based on the historical average retirement age for the covered group, active plan members were assumed to retire at the earlier of age 65, or after completing the required 33 years of service (the minimum years needed to obtain maximum pension benefits).

*Marital Status*—Marital status of members at the calculation date was assumed to continue throughout retirement.

*Mortality*—Life expectancies were based on mortality tables from the United States of America's Social Security Administration. The 2015 United States Life Tables for Males and for Females were used.

**NOTE 5- POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**  
(continued)

*Turnover*—Data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing as expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

*Health insurance premiums*—The current premiums paid for each member and their spouse was used as the basis for calculation of the present value of total benefits to be paid.

**Changes in Total OPEB Liability**

Service cost	\$ 78,876
Interest cost	68,798
Change of benefit terms	--
Difference between expected and actual experience	(117,721)
Changes in assumptions	(313,953)
Benefit payments	<u>(29,953)</u>
Net change in Total OPEB Liability	\$ (313,953)

Beginning Total OPEB Liability	<u>1,719,959</u>
Ending Total OPEB Liability	<u>\$1,406,006</u>

Healthcare cost trends from a range of 5.1 to 5.7 percent in 2021 to 5.5 percent in 2022; and, an increase of discount rate from 2.06 percent in 2021 to 3.72 percent in 2022.

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.72%) or 1 percentage point higher (4.72%) than the current discount rate:

	1.0% Decrease (2.72%)	Current Discount Rate (3.72%)	1.0% Increase (4.72%)
Total OPEB Liability	\$ 1,561,048	\$ 1,406,006	\$ 1,266,331

*Sensitivity of the total OPEB liability to changes in healthcare cost trend rates* – The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.5%) or 1 percentage point higher (6.5%) than the current healthcare trend rates:



**NOTE 5- POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**  
(continued)

	1.0% Decrease (4.5%)	Current Trend Rate (5.5%)	1.0% Increase (6.5%)
Total OPEB Liability	\$ 1,231,588	\$ 1,406,006	\$ 1,611,697

***OPEB Expense and Deferred Outflows of Resources Related to OPEB***

For the year ended December 31, 2022, the Department recognized OPEB benefit of \$313,953. At December 31, 2021, the Department reported deferred outflows of resources related to OPEB of \$27,147 from payment of OPEB as the benefits came due subsequent to the measurement date of January 1, 2022 but prior to the Department's fiscal year end. This amount will reduce OPEB liability in the following year.

**Department's Funding Policy**

It is the Department's policy to pay insurance premiums for retired employees in addition to set aside funds for the payment of current employees that will become due in the future. At December 31, 2022 the Department has \$1,118,697 set aside for this purpose; however, under the provisions of GASB 75, amounts set aside by an employer to fund an OPEB plan do not qualify as contributions or reduction of a OPEB benefit obligation unless they are paid to an insurance company or placed in an irrevocable trust. While payments made by the Department for future benefits are set aside in a separate account, they are not placed in an irrevocable trust and therefore do not meet the requirements of GASB 75.

**NOTE 6- RELATED PARTY**

The Department rents its office facilities, on a month-to-month basis, from the St. Mary Parish Council, the oversight entity. The amount of rent paid in 2022 totals \$9,600.

**NOTE 7 - RISK MANAGEMENT**

The Department is exposed to various risks of loss related to torts, theft, or damage to assets, errors and omissions, injuries to employees and natural disasters. The Department has purchased commercial insurance to protect against loss from substantially all these perils. There were no significant reductions in insurance coverages from prior years. There were no insurance settlements in excess of the amount of coverage during the last three years.

**NOTE 8 - SUBSEQUENT EVENT**

Subsequent to December 31, 2022, the Department was the subject of a lawsuit in the LA Board of Tax Appeals by a taxpayer seeking a refund of taxes it had remitted. The Department has not yet had time to properly evaluate the claim but has taken the position that a refund is not due to the taxpayer.

REQUIRED SUPPLEMENTAL INFORMATION

**St. Mary Parish Sales and Use Tax Department**

**SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
Parochial Employees Retirement System of Louisiana (Plan A)  
as of December 31, 2021 (The Plan Measurement Date)**

	2021	2020	2019	2018	2017	2016	2015
Department's proportion of the net pension liability (asset)	0.069082%	0.069410%	0.072068%	0.074332%	0.072431%	0.074065%	0.071476%
Proportionate share of the net pension liability (asset)	\$ (325,406)	\$ (121,704)	\$ 3,393	\$ 329,912	\$ (53,762)	\$ 152,536	\$ 188,145
Covered employee payroll	483,494	463,588	\$ 456,986	\$ 456,966	\$ 445,821	\$ 439,244	\$ 407,906
Department's proportionate share of the net pension liability(asset) as a percentage of its covered employee payroll	-70.21%	-26.25%	0.74%	72.20%	-12.06%	34.73%	46.12%
Plan fiduciary net position as a percentage of the total pension liability	110.46%	104.00%	99.89%	88.86%	101.98%	94.15%	92.23%

This schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.

**St. Mary Parish Sales and Use Tax Department**

**SCHEDULE OF THE DEPARTMENT'S CONTRIBUTIONS  
Parochial Employees Retirement System of Louisiana (Plan A)  
For the Year Ended December 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 54,587	\$ 56,778	\$ 56,790	\$ 52,551	\$ 52,551	\$ 55,728	\$ 57,102
Contributions in relation to the contractually required contribution	54,587	56,778	56,790	52,551	52,551	55,728	57,102
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	474,665	453,494	463,588	456,966	456,966	445,821	439,244
Contribution as a percentage of covered employee payroll	11.50%	12.25%	12.25%	11.50%	11.50%	12.60%	13.00%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ST. MARY PARISH SALES AND USE TAX DEPT.

Schedule of Changes in the Department's  
Total OPEB Liability and Related Ratios  
For the Year Ended December 31, 2022

	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>					
Service Cost	\$ 78,876	\$ 130,052	\$ 121,782	\$ 102,589	\$ 78,772
Interest	68,798	63,758	58,395	49,102	55,807
Changes of Benefit Terms	-	-	-	-	-
Differences between expected and actual experience	(117,721)	(166,871)	(149,054)	(59,108)	(32,531)
Changes of assumptions or other inputs	(313,953)	126,005	134,086	170,008	(239,847)
Benefit payments	(29,953)	(26,939)	(31,123)	(30,283)	(29,821)
<b>Net Change in total OPEB liability</b>	<b>\$ (313,953)</b>	<b>\$ 126,005</b>	<b>\$ 134,086</b>	<b>\$ 232,308</b>	<b>\$ (167,620)</b>
<b>Total OPEB liability - beginning</b>	<b>1,719,959</b>	<b>1,593,954</b>	<b>1,459,868</b>	<b>1,227,560</b>	<b>1,395,180</b>
<b>Total OPEB liability - ending</b>	<b>\$ 1,406,006</b>	<b>\$ 1,719,959</b>	<b>\$ 1,593,954</b>	<b>\$ 1,459,868</b>	<b>\$ 1,227,560</b>
<b>Covered-employee payroll</b>	<b>\$ 516,929</b>	<b>\$ 503,663</b>	<b>\$ 503,343</b>	<b>\$ 495,751</b>	<b>\$ 495,751</b>
<b>Total OPEB liability as a percentage of covered employee payroll</b>	<b>272.0%</b>	<b>341.5%</b>	<b>316.7%</b>	<b>294.5%</b>	<b>247.6%</b>

Notes to schedule:

No assets are accumulated in a trust that meets the criteria of GASBS No. 75, paragraph 4.

Changes of Assumptions:

Changes of assumptions and other inputs reflect the adoption of turnover rates derived from the U.S. Office of Personnel Management in 2020 and effects of changes in the discount rate and healthcare cost trend rates:

For the Year Ended December 31,	Healthcare Cost Trend Rates	Discount Rate
2017	5.4% to 5.8%	4.00%
2018	5.3% to 5.6%	4.10%
2019	4.5% to 5.5%	2.74%
2020	4.5% to 5.5%	2.12%
2021	5.2% to 5.7%	2.06%
2022	5.1% to 5.5%	3.72%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## GENERAL SUPPLEMENTARY INFORMATION

**ST. MARY PARISH SALES AND USE TAX DEPT.**

Schedule of Administrative Cost  
For the Year Ended December 31, 2022

Salaries	\$ 516,929
Examination fees and costs	160,220
Group insurance	169,902
Commercial Insurance	6,779
Retirement contribution	54,586
Office supplies	15,919
Computer expense	18,552
Auto and travel expense	28,744
Postage	14,406
Rent	9,600
Telephone	19,544
Equipment rental and maintenance	9,433
Payroll taxes	7,540
Professional services	48,144
Dues and subscriptions	11,275
Office equipment	6,691
Court	2,100
	<u>2,100</u>
	<u>\$ 1,100,364</u>

**ST. MARY PARISH SALES AND USE TAX DEPT.**  
Schedule of Compensation, Benefits, and Reimbursements to  
Agency Head, Political Subdivision Head, or Chief Executive Officer  
For the Year Ended December 31, 2022

Director: Jeffery LaGrange

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 118,930
Benefits-Insurance	29,643
Benefits-retirement	13,351
Cellphone allowance	600
Automobile allowance	1,800
Reimbursement-Travel	3,546
Reimbursement-Meals	1,528
Reimbursement-Hotel	2,551
Reimbursement-Other	367
Total	<u>\$ 172,316</u>

These amounts represent all compensation, benefits, and reimbursements for the year.



**INTERNAL ACCOUNTING CONTROL OVER FINANCIAL REPORTING  
AND COMPLIANCE AND OTHER MATTERS SECTION**



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

Mr. Jeff LaGrange, Director  
St. Mary Parish Sales and  
Use Tax Dept.  
Morgan City, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the St. Mary Parish Sales and Use Tax Dept. (the Department), as of December 31, 2022, and the related notes to the financial statements which comprises the Department's basic financial statements and have issued our report thereon dated June 29, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

June 29, 2023  
Morgan City, Louisiana

ST. MARY PARISH SALES AND USE TAX DEPT.  
STATE OF LOUISIANA

Schedule of Audit Results  
For the Year Ended December 31, 2022

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unmodified opinion on the financial statement of the St. Mary Parish Sales and Use Tax Dept.
2. Report on Internal Control over Financial Reporting and Compliance and Other Matters

Internal Control over financial reporting

No findings are required to be reported for the year ended December 31, 2022.

Compliance

There were no material instances of noncompliance or other matters noted during the audit of the financial statements.

3. Federal Awards

This section is not applicable for the year ended December 31, 2022.

4. Management Letter

No letter was issued.

B. FINDINGS FINANCIAL STATEMENT AUDIT

There are no findings to be reported for the year ended December 31, 2022.

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS

This section is not applicable for the year ended December 31, 2022.

SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION  
PREPARED BY ST. MARY PARISH SALES AND USE TAX DEPT.

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL  
STATEMENTS

Internal Control and Compliance

There were no findings in the prior year.

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

This section is not applicable.

**ST. MARY PARISH SALES AND USE TAX DEPT.**

STATE OF LOUISIANA

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

FOR THE YEAR ENDED

December 31, 2022

WITH

AGREED UPON PROCEDURES REPORT

BY

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

To Mr. Jeff LaGrange, Director  
St. Mary Parish Sales and Use Tax Dept.  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in the attached Schedule of Procedures Performed and Associated Findings Based Upon the Statewide Agreed-Upon Procedures (Schedule), on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor (LLA)'s Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. The St. Mary Parish Sales and Use Tax Dept.'s (Department) management is responsible for those C/C areas identified in the SAUPs presented in the attached Schedule.

The Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

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

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



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

*Pitts & Math*

CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
June 29, 2023

**ST. MARY PARISH SALES AND USE TAX DEPT**

**PARISH OF ST. MARY STATE OF LOUISIANA**

**Schedule of Procedures Performed and Associated Findings Based upon the  
Statewide Agreed-Upon Procedures  
For the Year Ended December 31, 2022**

Guide to Presentation Format

This report contains these items presented in this order:

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

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

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

## WRITTEN POLICIES AND PROCEDURES

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### 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:

#### **Budgeting**

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

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

**Findings:** Found that the Department does not have written policies and procedures regarding budgeting. However, the Department is not required to adopt a budget.

#### **Purchasing**

- 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.

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

**Findings:** Found that the Department does not have written policies and procedures regarding purchasing.

#### **Disbursements**

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

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

**Findings:** Found that the Department does not have written policies and procedures regarding disbursements.

#### **Receipts/Collections**

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

## WRITTEN POLICIES AND PROCEDURES (CONTINUED)

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**Procedure Performed:** Obtained from management and read the written policies and procedures for receipts/collections.

**Findings:** Found the Department has written policies and procedures that include all the specified functions listed above. However, those regarding management's actions to determine the completeness of collections are not in writing.

### Payroll/Personnel

- 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(s) rate of pay or approval and maintenance of pay rate schedules.

**Procedure Performed:** Obtained from management and inspected the Department's "Personnel Policies" and read the written policies and procedures for payroll/personnel.

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

### Contracting

- 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.

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

**Findings:** Found the Department does not have written policies and procedures regarding contracting.

### Travel and Expense Reimbursement

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

**Procedure Performed:** Obtained from management and inspected the Department's "Personnel Policies" and read the written policies and procedures for travel and expense reimbursements.

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

## WRITTEN POLICIES AND PROCEDURES (CONTINUED)

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### Credit Cards

- 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, and (5) monitoring card usage (e.g., determine the reasonableness of fuel card purchases).

**Procedure Performed:** Inquired of management and obtained management's written representation that they do not have written policies and procedures for credit cards, and that the Department does not use credit cards, debit cards, fuel cards, or purchase cards.

**Findings:** Found the Department does not have written policies and procedures regarding credit cards, and the Department does not use credit cards, debit cards, fuel cards, or purchase cards.

### Ethics

- 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.

**Procedure Performed:** Obtained from management and inspected the Department's "Personnel Policies" and read the written policies and procedures for ethics.

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

### Debt Service

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

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

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

## WRITTEN POLICIES AND PROCEDURES (CONTINUED)

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

- 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.

**Procedure Performed:** Obtained from management and inspected the written policies and procedures for information technology disaster recovery/business continuity.

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

### **Sexual Harassment**

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

**Procedure Performed:** Obtained from management and inspected the Department's "Personnel Policies" and read the written policies and procedures for sexual harassment.

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

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

*The Department has policies and procedures in all the areas above with the exception of Budgeting, Credit Cards, and Debt Service.*

*The Department is not required to adopt a budget, does not use credit cards, and does not have nor issue debt. Therefore, there are no policies and procedures for Budgeting, Credit Cards, or Debt Service.*

*Though not in writing, we have policies and procedures in place for:*

*Purchasing*

*Disbursements*

*Contracting*

*Receipts/Collections regarding management's actions to determine the completeness of collections*

*Ethics regarding a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the Department's ethics policy.*

*Due to the small size of the Department and our limited number of personnel, we do not believe it is cost effective to have written procedures in all areas.*

## BOARD OR FINANCE COMMITTEE

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### 2. Board or Finance Committee

- 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:
- 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.
  - 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. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - 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.
  - 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.

**This section is not applicable. The Department is an Agency Fund of the St. Mary Parish Council (Council) and it operates under the Council. The Department is not required to and does not have board meetings therefore, they do not have any minutes.**

***Management's response:***

*No comment.*

## BANK RECONCILIATIONS

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### 3. Bank Reconciliations

- 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:
- 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);
  - 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
  - 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.

**Procedures Performed:** Obtained the listing of bank accounts from management and received management's written representation that the list is complete. The listing contained 4 bank accounts including the Department's main operating account. Selected the main operating account and 3 other bank accounts and requested bank reconciliations and bank statements for all accounts for the one month randomly selected. Obtained and inspected bank statement and bank reconciliations prepared for the month selected for all accounts.

**Findings:**

- i) Observed there is evidence that each bank reconciliation was prepared within 2 months of the related statement closing date.
- ii) Observed there is written evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.
- iii) Observed there are no reconciling items which have been outstanding for more than 12 months from the statement closing date.

***Management's response:***

*No comment.*



## COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)

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### 4. Collections (Excluding Electronic Funds Transfers)

- 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).

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

**Findings:** The Department has only one 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 (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- i) Employees responsible for each collection do not share cash drawers/registers.
- ii) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- 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
- 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.

**Procedure Performed:** Obtained the listing of collection locations for the Department's one deposit site and management's representation that the listing is complete and inquired of employees about the employees' job duties.

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

**Findings:** The District has only one cash collection location,

- i) Employees responsible for collections share a cash box
- ii) Each employee responsible for collecting (cash) is not responsible for preparing/making bank deposits. Each employee responsible for collecting (checks/money orders) is responsible for preparing/making remote bank deposits. However, another employee/official is responsible for reconciling collection documentation to the deposit.
- iii) One employee who is responsible for collecting cash is also responsible for posting collection entries to the general ledger or subsidiary ledgers, However, another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- iv) The employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is not responsible for collecting cash.

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

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

**Findings:** The Department's 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). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- i) Observe that receipts are sequentially pre-numbered.
- ii) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii) Trace the deposit slip total to the actual deposit per the bank statement.
- 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).
- v) Trace the actual deposit per the bank statement to the general ledger.

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

**Procedure Performed:** Randomly selected two deposit dates from the bank statements for each of the 4 bank accounts selected for procedure #3A (selected the next deposit date chronologically if no deposit was made on the date randomly selected). Obtained supporting documentation for each of the 8 deposits selected.

**Findings:**

- i) Found that all receipts were sequentially pre-numbered.
- ii) Found that all sequentially pre-numbered receipt and Star Processing system batch detail listing (the entity's collection documentation) agree to the deposit slips.
- iii) Found that all the deposit slip totals agreed to the actual deposit per the bank statement.
- iv) Observed that all deposits were made within one business day of receipt at the collection location.
- v) Found that all the actual deposits per the bank statements were recorded in the general ledger.

***Management's response:***

*In the future, employees responsible for collections will not share a cash box.*

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

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5. Non-Payroll Disbursements (Excluding Card Purchases/Payments, 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).

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

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

- 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, 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/making the purchase.
- ii) At least two employees are involved in processing and approving payments to vendors.
- iii) The employees responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- 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.
- 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.

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

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

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**Procedure Performed:** We obtained a listing of employees involved with non-payroll purchasing and payment functions. We inquired of employees about their job duties and observed that the job duties are properly segregated.

**Findings:**

- i) Two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase.
  - ii) Two employees are involved in processing and approving payments to vendors.
  - iii) The employees responsible for processing payments are not prohibited from adding/modifying vendor files. No other employees are responsible for periodically reviewing changes to vendor files.
  - iv) The Director and an official, who are responsible for signing checks, do not mail the checks. Checks are mailed by the same employee who processes payments
- 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:
- i) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity. and
  - 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.

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

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

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**Findings:**

- i) Found that disbursements matched the related original invoice. No invoices contained deliverables.
  - ii) Found that disbursement documentation did not include evidence that the Department is following its policies as it relates to the segregation of duties tested under #5Bi nor #5Biii. 1 of 5 disbursement documentation showed evidence relating to the segregation of duties at #5Bii. All 5 disbursements documentation showed evidence relating to the segregation of duties at #5Biv.
- 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.

**Procedure Performed:** Randomly selected 5 non-payroll-related electronic disbursements from the Department's main operating account for the month selected in procedure #3A and obtained supporting documentation for each disbursement.

**Findings:**

- i) Found that disbursements were approved by only those persons authorized to disburse funds per the Department's policy.
- ii) Found that disbursements were approved by the required number of authorized signers per the Department's policy.

***Management's response:***

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

*We will have an employee periodically review changes to the vendor files.*

*We will include evidence that the Department is following all policies as it relates to segregation of duties.*

## CREDIT CARDS/DEBIT CARDS/ FUEL CARDS/PURCHASE CARDS (CARDS)

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### 6. Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- 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 name of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Procedure Performed:** We inquired of management and obtained management's written representation that the Department does not have credit cards, bank debit cards, fuel cards, or purchase cards.

**Findings:** Found the Department does not have credit cards, bank debit cards, fuel cards, or purchase cards.

- 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:

- 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. (those instances requiring such approval may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
- ii) Observe that finance charges and late fees were not assessed on the selected statements.

- C) Using the monthly statements or combined statements under procedure #7B 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.

**Procedures #6B and #6C are not applicable (See #6A above).**

***Management's response:***

*No comment.*

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

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

- 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:
- 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)).
  - ii) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - 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
  - iv) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Procedure Performed:** Obtained from management a listing of all travel expense reimbursements during the fiscal period. Obtained management's written representation that the listing is complete. Randomly selected 5 reimbursements and obtained the Department's related expense reimbursement forms, Breakdown of Expenses, as well as supporting documentation for each of the 5 reimbursements selected.

**Findings:** Travel and travel-related expenses included payments for meal per diem, hotel reimbursements based on actual cost, and per mile reimbursements to employees for use of their personal automobiles.

- i) All five reimbursements included mileage reimbursements at a rate equal to the Department's rate (which is equal to the GSA rate). Four reimbursements included payment of meal per diem at the Department's rates. The Department's per diem rates were less than both State of Louisiana rates and GSA rates.
- ii) Two reimbursements included payments based on actual costs. These reimbursements were supported by original itemized receipts that identified precisely what was purchased.
- iii) Observed that all five reimbursements were supported by documentation (Expense Breakdown) of the business purpose.
- iv) Observed that all five reimbursements were reviewed and approved in writing by someone other than the person receiving reimbursement.

**Management's response:**

*No comment.*



## CONTRACTS

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### 8. Contracts

- 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- 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.
  - 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)
  - 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);
  - 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 the invoice and related payment agreed to the terms and conditions of the contract.

**Procedure Performed:** 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 written representation that the list is complete. Randomly selected 5 of the Department's 8 contracts and randomly selected one payment for each of the contracts. Obtained and read each of the 5 contracts. Obtained and confirmed the corresponding invoice for each of the contracts to the terms of the contract.

**Findings:** Found the list contained 8 contracts that were initiated or renewed during the year by the Department.

- i) Found that none of the contracts are subject to the Louisiana Public Bid Law or Procurement Code.
- ii) Found that none of the contracts were required to be approved by the governing body and the Department does not have a board.
- iii) Found that none of the contracts were amended in the current period.
- iv) Found that the supporting invoices for all 5 contracts agree to the contract terms and conditions of the contracts.

**Management's response:**

*No Comment*

## PAYROLL AND PERSONNEL

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### 9. Payroll and Personnel

- 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.

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

**Findings:** The listing contained 9 employees and no elected officials.

- 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 all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - iii) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

**Procedure Performed:** Randomly selected one pay period during the fiscal period (Pay Period ending 11/30/2022) and obtained attendance records and leave documentation for that pay period for the 5 employees selected under procedure #9A.

**Findings:**

- i) Observed 4 of the 5 selected employees documented their daily attendance and leave.
- ii) Observed the supervisor did not approve the attendance and leave of the selected employees
- iii) Observed any leave accrued or taken during the pay period is reflected in the Department's cumulative leave records.
- iv) Observed the rate paid to the employees agree to the authorized salary found within the personnel file.

## PAYROLL AND PERSONNEL

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- 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, 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.

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

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

- 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.

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

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

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***Management's response:***

*In the future, we will retain employee timesheets.*

*The supervisor approves requested leave verbally. In the future, we will have the supervisor approve requested leave in writing.*

## ETHICS

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### 10. Ethics

- 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
  - 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.

**Procedure Performed:** Obtained and observed ethics documentation from management for the 5 randomly selected employees from procedure #9A. Obtained management's representation that there were no changes to the Department's Ethics Policy during the current fiscal year.

**Findings:**

- i) Observed the documentation demonstrates each employee completed one hour of ethics training during the fiscal period.
- ii) This procedure is not applicable. There were no changes to the Department's Ethics Policy during the fiscal period.

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

**Procedure Performed:** Inquired of management and obtained management's written representation that the Department has not appointed an ethics designee.

**Findings:** Found that the Department has not appointed an ethics designee.

***Management's response:***

*Ethics policies will be updated to include a requirement that an ethics designee be appointed.*

## DEBT SERVICE

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### 11. Debt Service

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

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

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

- 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).

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

**Findings:** Found the Department had no outstanding debt during the fiscal period.

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***Management's response:***

*If we plan to incur debt in the future (including leases), we will contact our legal advisor for guidance.*

## FRAUD NOTICE

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### 12. Fraud Notice

- 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.

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

**Findings:** Found the Department did not have any misappropriation 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.

**Procedure Performed:** Observed the Department posted the notice required by R.S. 24-523.1 on its premises. Obtained management's representation that the Department does not have a website.

--- **Findings:** Found the Department posted the notice required by R.S. 24-523.1 on its premises. Found the Department does not have a website. -----

*Management's response:*

*No Comment*

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

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

- A) Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- i) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe 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.**
  - ii) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if 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.**
  - 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.**
- 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.**

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

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

## PREVENTION OF SEXUAL HARRASSMENT

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### 14. Prevention of Sexual Harassment

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

**Procedure Performed:** Obtained sexual harassment training documentation from management for the 5 randomly selected employees from procedure #9A and observed the documentation demonstrated each of the 5 employees completed at least one hour of sexual harassment training during the calendar year.

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

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

**Procedure Performed:** Observed the Department posted the sexual harassment policy and complaint procedure on its premises. Obtained management's representation that the Department does not have a website.

**Findings:** Found the Department posted the sexual harassment policy and complaint procedure on its premises. Found the Department does not have a website.

- 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 it includes the applicable requirements of R.S. 42:344:

- 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

**Procedure Performed:** Obtained and read the Department's annual sexual harassment report for the current fiscal period.

**Findings:** Found the report dated January 31, 2023 contained all the applicable information requirements of R.S. 42:344. No complaints of sexual harassment were received by the Department.

***Management's response:***

*No Comment*