ST. MARY PARISH WARDS 5 AND 8
JOINT SEWER COMMISSION
Patterson, Louisiana

Financial Report

Year Ended September 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
St. Mary Parish Wards 5 and 8 Joint Sewer Commission
Patterson, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of St. Mary Parish Wards 5 and 8 Joint Sewer Commission (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission, as of September 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that certain information 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 schedule of employer's share of net pension liability/asset on page 26, schedule of employer contributions on page 27, or note to retirement system schedules on page 28 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Commission has not presented 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 Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of insurance in force on page 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on that schedule.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 29, 2022

BASIC FINANCIAL STATEMENTS

ST. MARY PARISH WARDS 5 AND 8 JOINT SEWER COMMISSION
Patterson, Louisiana

Statement of Net Position
September 30, 2021

ASSETS

Current assets	
Cash and cash equivalents	$ 712,733
Due from other governments	169,825
Prepaid insurance	25,106
Total current assets	907,664
Noncurrent assets	
Capital assets, net of accumulated depreciation	911,600
Other assets	
Deposits	2,402
Net pension asset	20,599
Total other assets	23,001
Total assets	1,842,265

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to net pension liability	19,787
Total assets and deferred outflows of resources	$ 1,862,052

(continued)

Patterson, Louisiana

Statement of Net Position (continued)
September 30, 2021

LIABILITIES

Current liabilities	
Accounts payable	$ 140,197
Accrued liabilities	7,436
Total current liabilities	147,633
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to net pension liability	43,475
NET POSITION	
Net investment in capital assets	911,600
Unrestricted	759,344
Total net position	1,670,944
Total liabilities, deferred inflows of resources, and net position	$ 1,862,052

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

ST. MARY PARISH WARDS 5 AND 8 JOINT SEWER COMMISSION
Patterson, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended September 30, 2021

Operating revenues	
Charges for services	$ 970,852
Other	988
Total operating revenues	971,840
Operating expenses	
Alarms	9,160
Board meeting per diem	3,100
Chemicals	39,302
Contract labor	18,097
Depreciation	107,954
Engineering	6,258
Insurance	61,412
Lab fees	15,240
Legal and accounting	14,165
Miscellaneous	58,784
Repairs and maintenance	273,047
Retirement	2,408
Salaries	78,073
Taxes - payroll	29
Telephone	6,445
Truck and fuel	4,776
Uniforms	7,588
Utilities	252,180
Total operating expenses	958,018
Operating Income	13,822
Non-operating revenues	
Miscellaneous	2,020
Interest income	275
Total non-operating revenues	2,295
Change in net position	16,117
Net position, beginning	1,654,827
Net position, ending	$ 1,670,944

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

ST. MARY PARISH WARDS 5 AND 8 JOINT SEWER COMMISSION
Patterson, Louisiana

Statement of Cash Flows
Year Ended September 30, 2021

Cash flows from operating activities	
Received from participants and other governments	$ 979,052
Paid to suppliers	(670,753)
Paid to and for employees	(87,529)
Net cash provided by operating activities	220,770
Cash flows from capital and related financing activities	
Acquisition of capital assets	(15,841)
Cash flows from investing activities	
Other receipts	2,020
Interest received	275
Net cash provided by investing activities	2,295
Net increase in cash and cash equivalents	207,224
Cash and cash equivalents, beginning	505,509
Cash and cash equivalents, ending	$ 712,733
Reconciliation of operating income to net cash provided by operating activities	
Operating Income	$ 13,822
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	107,954
Changes in pension expense, net of nonemployer contributions	(8,007)
Changes in assets and liabilities -	
Due from other governments	8,200
Accounts payable	98,801
Net cash provided by operating activities	$ 220,770

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

(1) Summary of Significant Accounting Policies

The St. Mary Parish Wards 5 and 8 Joint Sewer Commission (the "Commission") was established in May 1984 by an intergovernmental agreement between the participants, the Town of Berwick, the City of Patterson, St. Mary Parish Sewerage District No. 2, and the St. Mary Parish Government. The Commission's sole responsibility and duty is to maintain, operate, and administer the sewerage treatment facility that is jointly owned by the participants.

During the year ended September 30, 1995, the St. Mary Parish Government entered into an agreement to transfer their ownership interest in the sewerage treatment facility to two of the Parish Government's component units, St. Mary Parish Sewerage District No. 2 and St. Mary Parish Sewerage District No. 8. In October 2000, the St. Mary Parish Council combined St. Mary Parish Sewerage District No. 2 and St. Mary Parish Waterworks District No. 2 to create St. Mary Parish Water and Sewer Commission No. 2. During the year ended September 30, 2018, the St. Mary Parish Council consolidated St. Mary Parish Sewerage District No. 8 into the newly created St. Mary Parish Water and Sewer Commission No. 3 and abolished St. Mary Parish Sewerage District No. 8. The following components of the Parish of St. Mary and governmental entities are currently participants in and fund the operation of the Commission:

- Town of Berwick
- City of Patterson
- St. Mary Parish Water and Sewer Commission No. 2
- St. Mary Parish Water and Sewer Commission No. 3
- St. Mary Parish Government

A. Reporting Entity

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

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

This criterion includes:

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

2. Organizations for which the Parish does not appoint a voting majority but are fiscally dependent on the Parish Council.

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

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

B. Basis of Presentation

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

Fund Financial Statements

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

Proprietary Funds –

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of changes in net position, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The two types of proprietary funds are enterprise and internal service funds. The Commission's fund is an enterprise fund.

Enterprise Funds –

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

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

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

Basis of Accounting

Enterprise funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

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

Receivables

Receivables consist of all revenues earned at year-end and not yet received.

Prepaid items

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

Capital assets

Capital assets, which include property, plant and equipment, are reported in the statement of net position. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of the donation. The Commission maintains a threshold level of $1,500 for capitalizing assets.

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

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

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

Buildings and improvements	10-25 years
Equipment	7-15 years
Vehicles	5-10 years

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

Compensated absences

The Commission currently employs one full-time employee. The employee earns vacation and sick leave benefits based on length of service. Sick leave does not accumulate and is not payable upon termination. Unused vacation leave shall be paid at the termination of employment, whether by retirement or separation, in accordance with the Commission's policy. Accumulated vacation, sick leave and compensatory time are recorded as an expense of the period in which it is paid.

In accordance with GASBS No. 16, *Accounting for Compensated Absences*, liabilities for compensated absences are estimated based on hours remaining and pay rates in effect at the balance sheet date.

Deferred outflows of resources and deferred inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. The Commission reported deferred outflows of resources related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until then. The Commission reported deferred inflows of resources related to pensions.

Pensions

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

Equity classifications

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

a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted – Consists of net position with constraints placed on their use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted – All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

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

E. Revenues and Expenses

The Commission uses the following practices in recording certain revenues and expenses:

Revenues

Charges for sewerage service are based upon usage and are recorded as revenues and receivables in the month the service is provided. Investment earnings are recorded when earned.

Expenses

Expenses are recognized in the period that the liabilities are incurred.

F. Budgets

The Commission is not legally required to and does not adopt a budget.

G. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Commission may invest in certificates and time deposits of state banks having principal offices in Louisiana. At September 30, 2021, the Commission had cash and interest-bearing deposits (book balances) totaling $712,733.

Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Commission or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2021, deposit balances (bank balances) totaling $713,365 are secured as follows:

Federal deposit insurance coverage	$ 500,000
Uninsured and collateralized with securities	213,365
Total federal deposit insurance and pledged securities	$ 713,365

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Commission's deposits may not be recovered, or the Commission will not be able to recover collateral securities that are in the possession of an outside party. The Commission does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2021, deposits in the amount of $213,365 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not the Commission's name.

(3) Due from other Governmental Units

Due from other governmental units are amounts due from each participant for unpaid user fees of the sewerage system and reimbursements of expenses from other governmental units.

At September 30, 2021, amounts due from other governmental units consisted of the following:

Sewer treatment charges:	
City of Patterson	$ 97,023
Town of Berwick	21,043
St. Mary Parish Water and Sewer Commission No. 2	19,197
St. Mary Parish Water and Sewer Commission No. 3	20,119
St. Mary Parish Government	12,443
Total due from other governments	$ 169,825

(4) Capital Assets

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

	Balance 10/1/2020	Additions	Deletions	Balance 9/30/2021
Capital assets being depreciated				
Buildings	638,772	-	-	638,772
Equipment	717,360	15,841	(10,236)	722,965
Vehicles	58,715	-	-	58,715
Improvements	1,561,960	-	-	1,561,960
Total other capital assets, at cost	2,976,807	15,841	(10,236)	2,982,412
Less accumulated depreciation for				
Buildings	228,370	26,554	-	254,924
Equipment	606,840	22,772	(10,236)	619,376
Vehicles	42,357	7,004	-	49,361
Improvements	1,095,527	51,624	-	1,147,151
Total accumulated depreciation	1,973,094	107,954	(10,236)	2,070,812
Total capital assets, net	$ 1,003,713	$ (92,113)	$ -	$ 911,600

Depreciation expense related to the utilization of fixed assets for the year ended September 30, 2021 was $107,954.

(5) Pension Plan

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

The Commission's employee is covered under the Parochial Employees' Retirement System of Louisiana. Details concerning the plan are:

Plan Description: The Parochial Employees' Retirement System of Louisiana (the System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the state of Louisiana or any governing body or a parish which employs and pays persons serving the parish.

Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date The Commission's employee is member of Plan A.

The System is governed by Louisiana Revised Statutes, Title 11, Sections 1901 through 2025, specifically, and other general laws of the State of Louisiana.

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

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

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

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

Retirement Benefits: Any member of Plan A can retire providing he/she meets 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.

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.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist 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 of Plan A with five (5) 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 of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, 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 (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

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

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

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

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

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

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his years of service, not to be less than 15, or three percent multiplied by years of service assuming continued service to age 60 for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

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

In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 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.

Employer Contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2020, the actuarially determined contribution rate was 11.11% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2020 was 12.25% for Plan A. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

According to state statute, PERS also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. During the year ended September 30, 2021, the Commission recognized revenue as a result of support received from non-employer contributing entities of $988 for its participation in PERS.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources:</u>

At September 30, 2021, the Commission reported assets in its financial statements of $20,599 for its proportionate share of the net pension asset of PERS. The net pension asset was measured as of December 31, 2020 and the total pension asset used to calculate the net pension obligation was determined by separate actuarial valuations performed as of that date. The Commission's proportion of the net pension asset was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2020, the Commission's proportional share of PERS was 0.011748%, which was an increase of 0.001028% from its proportion measured as of December 31, 2019.

For the year ended September 30, 2021, the Commission recognized pension expense of $2,408.

At September 30, 2021, the Commission 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	$ 5,015	$ 2,459
Changes of assumptions	6,739	-
Net difference between projected and actual earnings on pension plan investments	-	40,203
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,206	813
Employer contributions subsequent to the measurement date	6,827	-
	$ 19,787	$ 43,475

Deferred outflows of resources of $6,827 related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability/asset in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year	
2022	(8,663)
2023	(2,899)
2024	(12,382)
2025	(6,571)
	$ (30,515)

Actuarial Assumptions

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

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2021 are as follows:

	Parochial Employees' Retirement System of Louisiana Plan A
Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.40%, net of investment expense, including inflation
Projected Salary Increases	4.75%
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants
Inflation Rate	2.30%

The discount rate used to measure the total pension liability/asset was 6.40% for Plan A, which was a .10% decrease from the rate used in the prior year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, PERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/asset.

The investment rate of return was 6.40% for Plan A, which was a .10% decrease from the rate used in the prior year. The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% 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, 2020.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of December 31, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate Of Return
Fixed Income	33%	0.86%
Equity	51%	3.36%
Alternatives	14%	0.67%
Real assets	2%	0.11%
Totals	100%	5.00%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.00%

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

Sensitivity to Changes in Discount Rate

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

	Changes in Discount Rate		
	1% Decrease 5.40%	Current Discount Rate 6.40%	1% Increase 7.40%
Net Pension Liability	$ 43,190	$ (20,599)	$ (74,021)

Payables to the Pension Plan

The Commission recorded accrued liabilities to PERS for the year ended September 30, 2021, primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accrued liabilities. The balance due to PERS as of September 30, 2021 is $2,907.

Pension Plan Fiduciary Net Positions

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at www.persla.com.

(6) Sewerage Fees

In order to defray the cost of maintaining the system, the Commission charges each participant $2.30 per thousand gallons of water consumed by each participant's water customers. The Commission has set aside $0.15 of each $2.30 charged in a money market account specifically for any repairs paid by the Commission. The remaining $2.15 is used to fund the Commission's operating expenses. At September 30, 2021, the balance in the repair and replacement money market account was $53,016.

(7) Related Party Transactions

The Commission charges its participants, all of which are governmental entities, for sewerage service based upon usage. All of the Commission's participants are related parties. During the year ended September 30, 2021, the Commission recorded, as charges for services, the following from related parties:

City of Patterson	$ 283,357
Town of Berwick	250,366
St. Mary Parish Water and Sewer Commission No. 2	234,649
St. Mary Parish Water and Sewer Commission No. 3	115,915
St. Mary Parish Government	86,565
Total related party revenue	$ 970,852

(8) Compensation and Other Payments to Board Members

Compensation and other payments to board members for the year ended September 30, 2021, are as follows:

Board members:	
Lonnie Easley	$ 50
Nathaneal Clark III	500
Michael Stewart	650
Tony Hensgens	650
Rafael Lopez	650
Gary Beadle	650
	$ 3,150

Act 706 of the Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. With the exception of per diem, no other payments which would require disclosure were made to the Commission's chief officer. For the year ended September 30, 2021, the Commission's chief officer, Rafael Lopez, received $650 each in per diem payments.

(9) Contingencies

The Commission operates a sewerage treatment plant, which is regulated by the Louisiana Department of Environmental Quality (DEQ) and the US Environmental Protection Agency (EPA). The Commission has been notified by DEQ that it is in violation of certain requirements regarding development and monitoring of risk management policies and procedures over its storage of hazardous chemicals at the Commission's sewer treatment plant. Management estimates that the fines applicable to these violations could total up to $13,000. The Commission has begun settlement negotiations with DEQ.

(10) Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Commission has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Commission is insured up to policy limits for each of the above risks. There were no significant changes in coverages, retention, or limits during the year ended September 30, 2021. Settled claims have not exceeded the commercial coverages in any of the previous three years.

(11) New Accounting Pronouncements

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

GASB Statement No. 87, *Leases* (June 2017)

The Statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2019. GASBS No. 95 postponed this statement by 18 months. The effect of implementation on the Commission's financial statements has not yet been determined.

GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Interest cost incurred before the end of a construction period for financial statements prepared using the current financial resources measurement focus should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The standard is effective for annual reporting periods beginning after December 15, 2019. GASBS No. 95 postponed this statement by one year. The effects of implementation of its applicability on the Commission's financial statements has not yet been determined.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset— and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions of GASB Statement No. 96 are effective for fiscal years beginning after June 15, 2022. The effect of implementation on the Commission's financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH WARDS 5 AND 8 JOINT SEWER COMMISSION
Patterson, Louisiana

Schedule of Employer's Share of Net Pension Liability/Asset
Year Ended September 30, 2021

Plan Year Ended Dec 31,	Employer Proportion of the Net Pension Liability/ Asset	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/Asset
2014	0.011699%	$ 3,199	66,446	4.81%	99.15%
2015	0.009329%	$ 24,557	71,745	34.23%	92.23%
2016	0.011712%	$ 24,121	69,458	34.73%	94.15%
2017	0.012122%	$ (8,998)	74,619	-12.06%	101.98%
2018	0.011763%	$ 52,208	70,415	74.14%	88.86%
2019	0.010720%	$ 505	68,013	0.74%	99.89%
2020	0.011748%	$ (20,599)	78,469	-26.25%	104.00%

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

See note to required supplementary information.

ST. MARY PARISH WARDS 5 AND 8 JOINT SEWER COMMISSION
Patterson, Louisiana

Schedule of Employer Contributions
Year Ended September 30, 2021

Fiscal Year Ended Sept 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	$ 10,677	$ 10,677	$ -	$ 71,745	14.88%
2016	$ 9,616	$ 9,616	$ -	$ 71,957	13.36%
2017	$ 9,205	$ 9,205	$ -	$ 72,990	12.61%
2018	$ 8,442	$ 8,442	$ -	$ 71,859	11.75%
2019	$ 7,845	$ 7,845	$ -	$ 68,221	11.50%
2020	$ 8,868	$ 8,868	$ -	$ 73,378	12.09%
2021	$ 9,427	$ 9,427	$ -	$ 76,957	12.25%

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

See note to required supplementary information.

ST. MARY PARISH WARDS 5 AND 8 JOINT SEWER COMMISSION
Patterson, Louisiana

Note to Retirement System Schedules
Year Ended September 30, 2021

Parochial Employees' Retirement System

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

Changes of assumptions –

Plan Year ended December 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2014	7.25%	7.25%	3.00%	4	5.75%
2015	7.00%	7.00%	2.50%	4	5.25%
2016	7.00%	7.00%	2.50%	4	5.25%
2017	6.75%	6.75%	2.50%	4	5.25%
2018	6.50%	6.50%	2.40%	4	4.75%
2019	6.50%	6.50%	2.40%	4	4.75%
2020	6.40%	6.40%	2.30%	4	4.75%

SUPPLEMENTARY INFORMATION

ST. MARY PARISH WARDS 5 AND 8 JOINT SEWER COMMISSION
Patterson, Louisiana

Schedule of Insurance in Force
Year Ended September 30, 2021

Insurer	Type of Coverage	Coverage		Exp Date
American Alternative Insurance Company	Public officials and management liability	Each wrongful act or offense	$ 1,000,000	7/2/2022
		Aggregate	3,000,000	
American Alternative Insurance Company	Cyber Liability	Each event	1,000,000	7/2/2022
	Privacy Crisis	Each event	50,000	
	Cyber Extortion	Each threat	20,000	
	Privacy Crisis	Aggregate	50,000	
American Alternative Insurance Company	Auto	Combined	1,000,000	7/2/2022
LWCC Insurance Company	Worker's compensation	Each accident	1,000,000	7/2/2022
		Aggregate	1,000,000	
American Alternative Insurance Company	General liability	Aggregate	3,000,000	7/2/2022
		Each occurrence	1,000,000	
American Alternative Insurance Company	Commercial umbrella	Aggregate	1,000,000	7/2/2022
		Each occurrence	1,000,000	

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

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

Board of Commissioners
St. Mary Parish Wards 5 and 8 Joint Sewer Commission
Patterson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Mary Parish Wards 5 and 8 Joint Sewer Commission, (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 29, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control that we consider to be material weaknesses, which are described in the accompanying schedule of audit results and findings as items 2021-001 and 2021-002.

Compliance and Other Matters

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

Commission's Response to Findings

The Commission's responses to the findings identified in our audit are included in the accompanying corrective action plan for current audit findings. The Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 29, 2022

ST. MARY PARISH WARDS 5 AND 8 JOINT SEWER COMMISSION
Patterson, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2021

A. Internal Control –

2020-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CURRENT STATUS: This finding has not been resolved and will be reiterated. See finding 2021-001.

2020-002 – Financial Reporting (Application of Generally Accepted Accounting Principles)

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

CURRENT STATUS: This finding has not been resolved and will be reiterated. See finding 2021-002.

B. Compliance –

2020-003 – Collateralization of Bank Deposits

CONDITION: Bank balances with the Commission's fiscal agent were under collateralized by $55,948 at September 30, 2020.

CURRENT STATUS: This matter has been resolved.

C. Management Letter –

Not issued in prior year.

ST. MARY PARISH WARDS 5 AND 8 JOINT SEWER COMMISSION
Patterson, Louisiana

Schedule of Audit Results and Findings
Year Ended September 30, 2021

Part I. Summary of auditor's results:

Financial Statements

1. Type of opinion issued on the financial statements — Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	✓	yes		no
Significant deficiency(ies) identified?		yes	✓	none reported

3. Noncompliance material to the financial statements? ___ yes ✓ no

Other

4. Management letter issued? ___ yes ✓ no

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

A. Internal Control

2021-001 - Segregation of Duties

Year Initially Occurring: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

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

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

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

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

2021-002 - Financial Reporting (Application of Generally Accepted Accounting Principles)

Year Initially Occurring: Unknown

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

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

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

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

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

B. Compliance

No findings are reported under this section

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

The requirements of the Uniform Guidance do not apply to the Commission.

ST. MARY PARISH WARDS 5 AND 8 JOINT SEWER COMMISSION
Patterson, Louisiana

Corrective Action Plan for Current Audit Findings
Year Ended September 30, 2021

2021-001 - Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

2021-002 - Financial Reporting

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

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