

**ST. MARY PARISH WARDS 5 AND 8  
JOINT SEWER COMMISSION**

Patterson, Louisiana

Financial Report

Year Ended September 30, 2019

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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, 2019, 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 respective financial position of the Commission, as of September 30, 2019, and the respective 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 June 11, 2020, 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  
June 11, 2020

**BASIC FINANCIAL STATEMENTS**

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

Internal Service Fund  
Statement of Net Position  
September 30, 2019

ASSETS

Current assets	
Cash and cash equivalents	\$ 455,278
Due from other governments	110,704
Prepaid insurance	<u>22,607</u>
Total current assets	588,589
Noncurrent assets	
Other capital assets, net of accumulated depreciation	1,109,091
Other assets	
Deposits	<u>2,402</u>
Total assets	<u>1,700,082</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to net pension liability	<u>44,104</u>
Total assets and deferred outflows of resources	<u>\$ 1,744,186</u>

(continued)

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

Internal Service Fund  
Statement of Net Position (continued)  
September 30, 2019

LIABILITIES

Current liabilities	
Accounts payable	\$ 111,257
Accrued liabilities	31,816
Total current liabilities	<u>143,073</u>
Noncurrent liabilities	
Due to participants	99,110
Net pension liability	52,208
Noncurrent liabilities	<u>151,318</u>
Total liabilities	<u>294,391</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to net pension liability	<u>3,320</u>
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NET POSITION

Net investment in capital assets	1,109,091
Unrestricted	337,384
Total net position	<u>1,446,475</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,744,186</u>

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

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

Internal Service Fund  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended September 30, 2019

Operating revenues	
Charges for services	\$ 973,580
Other	899
Total operating revenues	<u>974,479</u>
Operating expenses	
Alarms	9,245
Board meeting per diem	2,950
Chemicals	41,864
Contract labor	16,792
Depreciation	101,598
Engineering	3,888
Insurance	60,109
Lab fees	14,930
Legal and accounting	15,658
Miscellaneous	21,778
Repairs and maintenance	313,501
Retirement	21,168
Salaries	92,156
Supplies	298
Taxes - payroll	3,714
Telephone	7,546
Truck and fuel	13,572
Uniforms	5,930
Utilities	274,769
Total operating expenses	<u>1,021,466</u>
Loss from operations	<u>(46,987)</u>
Non-operating revenues	
Miscellaneous	15,203
Interest income	2,522
Total non-operating revenues	<u>17,725</u>
Change in net position	(29,262)
Net position, beginning	<u>1,475,737</u>
Net position, ending	<u>\$ 1,446,475</u>

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

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

Internal Service Fund  
Statement of Cash Flows  
Year Ended September 30, 2019

Cash flows from operating activities	
Received from participants and other governments	\$ 994,334
Paid to suppliers	(831,471)
Paid to and for employees	(103,715)
Net cash provided by operating activities	59,148
Cash flows from capital and related financing activities	
Acquisition of capital assets	(180,260)
Cash flows from investing activities	
Other receipts	15,203
Interest received	2,522
Net cash provided by investing activities	17,725
Net decrease in cash and cash equivalents	(103,387)
Cash and cash equivalents, beginning	558,665
Cash and cash equivalents, ending	\$ 455,278
Reconciliation of operating loss to net cash provided by operating activities	
Loss from operations	\$ (46,987)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	101,598
Pension expense, net of nonemployer contributions	12,424
Changes in assets and liabilities -	
Due from other governments	20,754
Accounts payable	(35,546)
Accrued liabilities	6,905
Net cash provided by operating activities	\$ 59,148

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

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

Notes to 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.

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

Notes to Financial Statements (continued)

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

Internal service funds –

An internal service fund is a proprietary fund that is used to account for any activity that provides goods or services to other governments, on a cost-reimbursement basis. The operating revenues of the Commission are from sales to municipal and other governmental customers. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Notes to Financial Statements (continued)

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

Internal service 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. Internal service fund equity is classified as net position.

Basis of Accounting

Internal service 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.

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

Notes to Financial Statements (continued)

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 two full-time employees. The employees earn vacation and sick leave benefits based on length of service. Sick leave does not accumulate and is not payable upon termination. Accumulated vacation, sick leave and compensatory time are recorded as an expense of the period in which it is paid. At September 30, 2019, the unrecorded liability for earned but unpaid vacation is immaterial and therefore, not recorded.

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 so 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 so 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, deferred outflows or 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.

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

Notes to Financial Statements (continued)

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”.

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.

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.

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 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.

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

Notes to Financial Statements (continued)

(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, 2019, the Commission had cash and cash equivalents (book balances) totaling \$455,278 in non-interest bearing and interest bearing demand deposits.

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, 2019, deposit balances (bank balances) totaling \$442,297 are secured as follows:

Federal deposit insurance	\$	442,080
Uninsured and collateralized with securities		217
 Total	 \$	 <u>442,297</u>

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. Deposits in the amount of \$217 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, in 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, 2019, amounts due from other governmental units consisted of the following:

Sewer treatment charges:

City of Patterson	\$	45,966
St. Mary Parish Government		12,585
St. Mary Parish Water and Sewer Commission No. 2		18,054
St. Mary Parish Water and Sewer Commission No. 3		10,493
Town of Berwick		23,605
Total due from other governments	\$	<u>110,703</u>

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

Notes to Financial Statements (continued)

(4) Capital Assets

Capital asset and depreciation activity for the year ended September 30, 2019 is as follows:

	<u>Balance</u> <u>10/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2019</u>
Capital assets not being depreciated				
Construction in progress	\$ 169,597	\$ -	\$ (169,597)	\$ -
Other capital assets				
Buildings	313,572	325,553	-	639,125
Equipment	702,363	11,035	-	713,398
Vehicles	73,676	-	-	73,676
Improvements	<u>1,561,960</u>	<u>-</u>	<u>-</u>	<u>1,561,960</u>
Total other capital assets, at cost	<u>2,651,571</u>	<u>336,588</u>	<u>-</u>	<u>2,988,159</u>
Less accumulated depreciation for				
Buildings	184,757	17,060	-	201,817
Equipment	557,095	24,950	-	582,045
Vehicles	43,910	7,004	-	50,914
Improvements	<u>991,708</u>	<u>52,584</u>	<u>-</u>	<u>1,044,292</u>
Total accumulated depreciation	<u>1,777,470</u>	<u>101,598</u>	<u>-</u>	<u>1,879,068</u>
Total capital assets, net	<u>\$1,043,698</u>	<u>\$ 234,990</u>	<u>\$ (169,597)</u>	<u>\$ 1,109,091</u>

Depreciation expense related to the utilization of fixed assets for the year ended September 30, 2019 was \$101,598.

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

Notes to Financial Statements (continued)

(5) Due to Participants

At September 30, 2019, advances received from participants are as follows:

City of Patterson	\$ 31,292
St. Mary Parish Government	15,820
St. Mary Parish Water and Sewer Commission No. 3	4,518
St. Mary Parish Water and Sewer Commission No. 2	19,487
Town of Berwick	<u>27,993</u>
Total due to participants	<u>\$ 99,110</u>

(6) 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.

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

Plan Description: The Parochial Employees' Retirement System of Louisiana (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. Employees of the Commission are members 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](http://www.persla.org), or on the Louisiana Legislative Auditor's website, [www.la.gov](http://www.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.

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

Notes to Financial Statements (continued)

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.

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

Notes to Financial Statements (continued)

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 three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

**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, 2018, the actuarially determined contribution rate was 9.99% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2018 was 11.5% 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, 2019, the Commission recognized revenue as a result of support received from non-employer contributing entities of \$899 for its participation in PERS.

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

At September 30, 2019, the Commission reported liabilities in its financial statements of \$52,208 for its proportionate share of the net pension liabilities of PERS. The net pension liabilities were measured as of December 31, 2018 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed as of that date. The Commission's proportion of the net pension liability

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

Notes to Financial Statements (continued)

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, 2018, the Commission's proportional share of PERS was 0.011763%, which was a decrease of 0.000359% from its proportion measured as of December 31, 2017.

For the year ended September 30, 2019, the Commission recognized pension expense of \$21,168.

At September 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 3,181
Changes of assumptions	13,054	-
Net difference between projected and actual earnings on pension plan investments	24,992	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	92	139
Employer contributions subsequent to the measurement date	<u>5,966</u>	<u>-</u>
	<u>\$ 44,104</u>	<u>\$ 3,320</u>

Deferred outflows of resources of \$5,966 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 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:

<u>Year</u>	
2020	11,995
2021	6,513
2022	5,267
2023	<u>11,043</u>
	<u>\$ 34,818</u>

*Actuarial Assumptions*

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

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

Notes to Financial Statements (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2019 are as follows:

	Parochial Employees' Retirement System of Louisiana Plan A
Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.50%, 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	2.40%

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

Notes to Financial Statements (continued)

The discount rate used to measure the total pension liability was 6.50% for Plan A, which was a .25% decrease from the rate used as of December 31, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, PERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The investment rate of return was 6.50% for Plan A, which was a .25% decrease from the rate used as of December 31, 2017. 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 7.43% for the year ended December 31, 2018.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate Of Return
Fixed Income	35%	1.22%
Equity	52%	3.45%
Alternatives	11%	0.65%
Real assets	2%	0.11%
Totals	100%	5.43%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.43%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back five years for males and three years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back four years for males and three years for females was used.

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

Notes to Financial Statements (continued)

*Sensitivity to Changes in Discount Rate*

The following presents the net pension liability/(asset) of the participating employers calculated using the discount rate of 6.50%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.50% or one percentage point higher 7.50% than the current rate.

	Changes in Discount Rate		
	2018		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	5.50%	6.50%	7.50%
Net Pension Liability	<u>\$ 110,877</u>	<u>\$ 52,208</u>	<u>\$ 3,167</u>

*Payables to the Pension Plan*

The District recorded accrued liabilities to PERS for the year ended September 30, 2019, 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, 2019 is \$2,078.

*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](http://www.persla.com).

(7) Sewerage Fees

In order to defray the cost of maintaining the system, the Commission charges each participant \$1.80 per thousand gallons of water consumed by each participant's water customers. The Commission has set aside \$0.15 of each \$1.80 charged in a money market account specifically for any repairs paid by the Commission. The remaining \$1.65 is used to fund the Commission's operating expenses. At September 30, 2019, the balance in the repair and replacement money market account was \$50,294.

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

Notes to Financial Statements (continued)

(8) 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, 2019, the Commission recorded, as charges for services, the following from related parties:

City of Patterson	\$ 280,334
Town of Berwick	262,995
St. Mary Parish Water and Sewer Commission No. 2	236,523
St. Mary Parish Water and Sewer Commission No. 3	120,480
St. Mary Parish Government	<u>73,248</u>
Total related party revenue	<u>\$ 973,580</u>

(9) Compensation and Other Payments to Board Members

Compensation and other payments to board members for the year ended September 30, 2019, are as follows:

Board members:	
Lonnie Easley	\$ 600
Michael Stewart	600
Tony Hensgens	600
Rafael Lopez	550
Gary Beadle	<u>600</u>
	<u>\$ 2,950</u>

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. The Commission had two chief officers during the year, Tony Hensgens for the period October 1, 2018 through December 31, 2018, and Michael Stewart for the period January 1, 2019 through September 30, 2019. With the exception of per diem, no other payments which would require disclosure were made to the Commission's chief officers. For the year ended September 30, 2019, the Commission's chief officers, Tony Hensgens, and Michael Stewart received \$600, and \$600 respectively in per diem payments.

(10) 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). In the opinion of the Board of Commissioners, all applicable regulations have received full compliance, however, due to the complexity of the regulations, differing interpretations of the regulations by DEQ and/or the EPA may result in instances of noncompliance.

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

Notes to Financial Statements (continued)

(11) 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, 2019. Settled claims have not exceeded the commercial coverages in any of the previous three years.

(12) New Accounting Pronouncements

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

GASB Statement No. 84, *Fiduciary Activities* (January 2017)

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions of GASB Statement No. 84 are effective for fiscal periods beginning after December 15, 2018 and are anticipated to have no effect on the Commission's financial statements.

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. The effect of implementation on the Commission's financial statements has not yet been determined.

GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61* (August 2018)

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The provisions of GASB Statement No. 90 are effective for fiscal periods beginning after December 15, 2018 and are anticipated to have no effect on the Commission's financial statements.

**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, 2019

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%

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

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

Schedule of Employer Contributions  
Year Ended September 30, 2019

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%

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

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

Note to Retirement System Schedules  
Year Ended September 30, 2019

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%

**SUPPLEMENTARY INFORMATION**

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

Schedule of Insurance in Force  
Year Ended September 30, 2019

Insurer	Type of Coverage	Coverage		Exp Date
American Alternative Insurance Company	Public officials and management liability	Aggregate	\$ 3,000,000	7/2/2020
American Alternative Insurance Company	Cyber Liability crisis management	Aggregate	1,000,000 50,000	7/2/2020
American Alternative Insurance Company	Auto	Combined	1,000,000	7/2/2020
LWCC Insurance Company	Worker's compensation	Each accident Aggregate	1,000,000 1,000,000	7/2/2020
American Alternative Insurance Company	General liability	Aggregate Each occurrence	3,000,000 1,000,000	7/2/2020
American Alternative Insurance Company	Commercial umbrella	Aggregate Each occurrence	1,000,000 1,000,000	7/2/2020

**INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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

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, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated June 11, 2020.

### 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) to determine 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 and which are described in the accompanying schedule of audit results and findings as items 2019-001 and 2019-002.

## **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 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*.

## **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 it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Morgan City, Louisiana  
June 11, 2020

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

Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2019

A. Internal Control –

2018-001 – Segregation of Duties:

CONDITION: Accounting and financial functions are not adequately segregated.

CURRENT STATUS: This finding has not been resolved and will be reiterated.

2018-002 - Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CURRENT STATUS: This finding has not been resolved and will be reiterated.

B. Compliance –

No instances of noncompliance were reported.

C. Management Letter –

A management letter was not issued.

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

Schedule of Audit Results and Findings  
Year Ended September 30, 2019

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

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

A. Internal Control

2019-001 - 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.

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

Schedule of Audit Results and Findings (continued)  
Year Ended September 30, 2019

2019-002 - Financial Reporting

Year Initially Occurring: Unknown

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

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, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

B. Compliance

No compliance issues are reported.

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, 2019

Response to Finding 2019-001:

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

Response to Finding 2019-002:

The Board of Commissioners has determined that it would be more cost effective to outsource the preparation of the Commission's financial statements to its independent auditors rather than incur the costs to employ someone with the appropriate skill and expertise to prepare the financial statements in accordance with generally accepted accounting principles.

**ST. MARY PARISH WARDS 5 AND 8  
JOINT SEWER COMMISSION**

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2018 through September 30, 2019

# KOLDER, SLAVEN & COMPANY, LLC

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

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

We have performed the procedures enumerated below, which were agreed to by St. Mary Parish Wards 5 and 8 Joint Sewer Commission (hereinafter "Commission") and the Louisiana Legislative Auditor (LLA) (the specified parties) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2018 through September 30, 2019, as required by the *Louisiana Governmental Audit Guide*. The Commission's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States, applicable to attestation engagements. The sufficiency of these procedures is solely the responsibility of the Commission and the LLA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated exceptions are as follows:

### *Written Policies and Procedures*

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

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

*The Commission does not have written policies and procedures addressing budgeting functions as noted above.*

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

*The Commission does not have written policies and procedures addressing purchasing functions as noted above.*

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

*The Commission does not have written policies and procedures addressing disbursement functions as noted above.*

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

*The Commission does not have written policies and procedures addressing receipts/collections functions as noted above.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*The Commission does not have written policies and procedures addressing payroll/personnel functions noted above.*

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

*The Commission does not have written policies and procedures addressing contracting functions noted above.*

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

*The Commission does not have written policies and procedures addressing credit card functions noted above.*

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

*The Commission does not have written policies and procedures addressing travel and expense reimbursement functions noted above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

*The Commission does not have written policies and procedures addressing ethics functions noted above.*

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

*The Commission does not have written policies and procedures addressing debt service functions noted above.*

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

*The Commission does not have written policies and procedures addressing disaster recovery/business continuity functions noted above.*

***Board or Finance Committee***

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**Note: Procedure excluded from testing procedures in the current year--Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."**

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

***Bank Reconciliations***

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3. Obtain a listing of client 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 selected each account, and observe that:

*Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. The Commission only uses three (3) bank accounts.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*Reconciliations not prepared for the month randomly selected for one (1) of the three (3) bank accounts used by the Commission. The remaining two (2) reconciliations included evidence that they were prepared within 2 months of the related statement closing date.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*Bank reconciliations did not include evidence of review by a member of management/board member who does not handle cash, post ledgers, or issue checks.*

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*Management did not provide documentation reflecting that it has researched outstanding reconciling items exceeding 12 months.*

***Collections (excluding EFTs)***

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

*Obtained a listing of deposit sites for the fiscal periods where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Selected the one (1) deposit site.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies and 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:

*Obtained a listing of collections locations for the one deposit site and management's representation that the list was complete. Selected the one collection location.*

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*Cash register/drawer is not shared.*

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

*The person responsible for collecting cash is also responsible for preparing/making bank deposits. Another employee/official is not responsible for reconciling the collection documentation to the deposit slip.*

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*The person responsible for collecting cash is also responsible for posting collection entries to the general ledger. Another employee/official is not responsible for reconciling the ledger postings to each other and to the deposit slip.*

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

*The employee responsible for reconciling cash collections to the general ledger is also responsible for collecting cash and documented evidence that another employee verifies the reconciliations could not be provided.*

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

*Management could not confirm that all employees who have access to cash are covered by a bond or insurance policy for theft.*

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

- a) Observe that receipts are sequentially pre-numbered.

*The Commission does not use a sequentially pre-numbered receipt system.*

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

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

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

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

- d) 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).

*The Commission failed to document dates of collection necessary to determine whether deposits were made within one business day of receipt.*

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

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

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

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

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

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

*Obtained a listing of those individuals involved with non-payroll purchasing and payment functions and inquired regarding their job duties.*

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

*Observed that only one (1) person is involved in initiating a purchase request and placing an order/making the purchase. Observed that at least two (2) individuals are involved in approving a purchase.*

- b) At least two employees are involved in processing and approving payments to vendors.

*Observed that at least two individuals are involved in processing and approving payments to vendors.*

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

*The person responsible for processing payments is not prohibited from adding/modifying vendor files and another person is not responsible for periodically reviewing the changes to vendor files.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*The officials responsible for signing checks give the signed checks to an employee to mail who is also responsible for processing payments.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

a) Observe that the disbursement matched the related original invoice/billing statement.

*Observed that one (1) of the five (5) disbursements tested did not match the related original invoice/billing statement.*

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*Disbursement documentation evidenced all applicable segregations of duties described under #9 above.*

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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**Note: Procedures not applicable/excluded from testing in the current period—The Commission did not maintain any credit/debit/fuel/purchase cards during the current fiscal period.**

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

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:

a) Observe that 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]

b) Observe that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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**Note: Procedures not applicable/excluded from testing in the current period—The Commission incurred no travel and travel-related expense reimbursements during the current fiscal period.**

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) 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 policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Contracts***

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

*Obtained the Commission's listing of contracts/agreements that were initiated or renewed during the fiscal period. Selected all contracts as less than five (5) were provided by management.*

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

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

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

*All contracts contained signatory evidence that the governing board's approval.*

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

*One (1) contract selected for testing was amended. Observed that the original contract provided for such amendments. No exceptions noted.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

### ***Payroll and Personnel***

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**Note: Procedure excluded from testing procedures in the current year--Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."**

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

*Since the procedures under #16 "Payroll and Personnel" do not apply for the current testing period, randomly selected five (5) employees/officials and obtained ethics documentation from management.*

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*Management did not provide documentation demonstrating such training for three (3) of the five (5) employees/officials randomly selected.*

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*Management did not provide documentation demonstrating that each employee/official attested through signature verification that he or she has read the Commission ethics policy during the fiscal period.*

***Debt Service***

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**Note: Procedures not applicable/excluded from testing in the current period—The Commission had no outstanding debt at any point during the current fiscal period.**

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

***Other***

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**Note: Procedure excluded from testing procedures in the current year—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."**

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. 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.

**Management's Response**

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

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

# KOLDER, SLAVEN & COMPANY, LLC

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## MANAGEMENT LETTER

Board of Commissioners  
c/o Mr. Gary Beadle, Chair  
St. Mary Parish Wards 5 and 8 Joint Sewer Commission  
Patterson, Louisiana

We have audited the financial statements of the major fund 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, 2019 and have issued our report thereon dated June 11, 2020.

In planning and performing our audit of the financial statements of the Commission, in accordance with auditing standards generally accepted in the United States of America, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control or on its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control or on compliance.

During our audit we noted matters involving internal control or compliance that is summarized below for your consideration. These comments and the related recommendations are intended to improve the Commission's internal control and/or its compliance with laws, regulations, contracts, and grant agreements and other matters. Our comments are not intended to reflect upon the ability or integrity of the Commission's personnel.

### 2019-ML-1 Compliance with Open Meeting Statutes

The Commission could not provide evidence of the publication of minutes for three open meetings held during the fiscal year ended September 30, 2019. RS 42:20 requires minutes be available to the public "within a reasonable time after the meeting."

We recommend that the Commission design and implement policies and procedures to cause the publication of its minutes as provided by statute.

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

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

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

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

**ST. MARY PARISH WARDS 5 & 8  
JOINT SEWER COMMISSION  
763 COTTON ROAD  
PATTERSON, LOUISIANA 70392**

June 11, 2020

Kolder, Slaven & Company, LLC  
PO Box 3438  
Morgan City, LA 70381

Dear Sirs:

In response to the comments noted in your management letter accompanying your report on the audit of the Commission's financial statements for the year ended September 30, 2019, please accept the following as the Commission's responses and planned corrective action to address the comments.

2019-ML-1 – Compliance with Open Meeting Statutes

It was an oversight that the minutes were not submitted for publication in the official journal. The Commission's normal procedure is that the minutes were submitted for publication immediately after the subsequent month's public meeting when the minutes were formally approved. This was the case for all of the other months of the Commission's fiscal year and the period subsequent to year-end. In the future, the Commission will ensure that all minutes are promptly published in adherence with the open meeting statutes.

We thank you for the opportunity to respond to your management letter comments and note our planned corrective action.

Sincerely,



Gary Beadle, Chairman