ST. MARY PARISH WATER AND SEWER COMMISSION NO. 5

Jeanerette, Louisiana

Financial Report

Year Ended September 30, 2023

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
BASIC FINANCIAL STATEMENTS	
Fund financial statements	
Statement of net position	5
Statement of revenues, expenses and change in fund net position	6
Statement of cash flows	7-8
Notes to financial statements	9-19
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on audit of financial statements performed in accordance with *Government Auditing Standards*	21-22
Summary schedule of prior audit findings	23-24
Schedule of audit results and findings	25-28
Corrective action plan for current audit findings	Appendix A

KOLDER, SLAVEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

Of Counsel
C. Burton Kolder, CPA*

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022
Gerald A. Thibodeaux, Jr., CPA* - retired 2024

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
St. Mary Parish Water and Sewer Commission No. 5
Jeanerette, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of St. Mary Parish Water and Sewer Commission No. 5 (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 13, during the year ended September 30, 2023, error corrections resulted in restatement of beginning net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2026, 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
September 10, 2026

BASIC FINANCIAL STATEMENTS

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 5
Jeanerette, Louisiana

Statement of Net Position
September 30, 2023

ASSETS

Current assets:	
Cash	$ 323,982
Accounts receivable, net of allowance for doubtful accounts	31,284
Accrued interest receivable	93
Ad valorem taxes receivable	13,292
Prepaid expenses	10,553
Total current assets	379,204
Restricted assets:	
Cash - customer deposits	24,766
Capital assets:	
Land and construction in progress	129,567
Other, net of accumulated depreciation	1,752,228
Net capital assets	1,881,795
Total assets	2,285,765

LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable	24,721
Accrued liabilities	66,019
Due to State of Louisiana	2,071
Due to primary government	18,300
Total current liabilities	111,111
Current liabilities (payable from restricted assets):	
Customer deposits payable	24,766
Total liabilities	135,877
Net position:	
Net investment in capital assets	1,881,795
Unrestricted	268,093
Total net position	$ 2,149,888

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

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 5
Jeanerette, Louisiana

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

Operating revenues:	
Water sales	$ 134,848
Sewer charges	70,119
Miscellaneous revenues	26,012
Total operating revenues	230,979
Operating expenses:	
Advertising and publications	806
Bad debts	23,549
Chemicals	61,285
Commissioner per diem	3,120
Depreciation	125,835
Fuel and oil	12,601
Insurance	57,999
Miscellaneous	7,748
Office	15,973
Professional services	34,225
Rents and leases	6,300
Repairs and maintenance	178,189
Retirement	1,210
Salaries and wages	203,989
Taxes and licenses	16,395
Telephone and utilities	45,950
Tools and supplies	8,877
Uniforms	4,983
Total operating expenses	809,034
Operating loss	(578,055)
Nonoperating revenues (expenses):	
Ad valorem property tax revenues	425,043
Deductions from ad valorem taxes	(14,582)
Interest income	2,074
Net nonoperating revenues	412,535
Loss before capital contributions	(165,520)
Capital contributions	33,792
Change in net position	(131,728)
Net position, beginning, as restated	2,281,616
Net position, ending	$ 2,149,888

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

ST MARY PARISH WATER AND SEWER COMMISSION NO. 5
Jeanerette, Louisiana

Statement of Cash Flows
Year Ended September 30, 2023

Cash flows from operating activities:	
Cash received from customers	$ 228,796
Cash paid to suppliers and others	(520,341)
Cash paid to employees and commissioners	(203,989)
Cash used by operating activities	(495,534)
Cash flows from non-capital financing activities:	
Ad valorem property taxes received	407,522
Proceeds from customer deposits	3,450
Cash provided by non-capital financing activities	410,972
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(49,787)
Intergovernmental grant proceeds	33,792
Cash used by capital and related financing activities	(15,995)
Cash flow from investing activities:	
Interest received on investments	2,074
Net decrease in cash and cash equivalents	(98,483)
Cash and equivalents, beginning	447,231
Cash and equivalents, ending	$ 348,748

(continued)

ST MARY PARISH WATER AND SEWER COMMISSION NO. 5
Jeanerette, Louisiana

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

Reconciliation of operating loss to net cash used by operating activities:

Operating loss	$ (578,055)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	125,835
Changes in assets and liabilities-	
Accounts receivable	(18,212)
Unbilled accounts receivable	16,029
Accounts payable	(7,091)
Accrued liabilities	(33,628)
Due to primary government	(412)
Total adjustments	82,521
Net cash used by operating activities	$ (495,534)

Reconciliation of cash and equivalents per statement of cash flows to the statement of net position:

Cash and equivalents, beginning -	
Cash and interest-bearing deposits- unrestricted	$ 425,915
Cash- restricted	21,316
Total cash and equivalents, beginning	447,231
Cash and equivalents, ending -	
Cash and interest-bearing deposits- unrestricted	323,982
Cash- restricted	24,766
Total cash and equivalents, ending	348,748
Net decrease in cash and equivalents	$ (98,483)

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

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 5
Jeanerette, Louisiana

Notes to Financial Statements

INTRODUCTION

St. Mary Parish Water and Sewer Commission No. 5 ("Commission") was created by the St. Mary Parish Government on June 25, 1997. The purpose of the Commission is to establish, acquire, construct, maintain and operate a waterworks and sewer system for the benefit of the people of the Commission. The Commission was formed to consolidate the operations of the St. Mary Parish Waterworks Commission No. 7 and the St. Mary Parish Sewerage Commission No. 10. The Commission is governed by seven board members appointed by the St. Mary Parish Council.

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

As the governing authority of the parish, for reporting purposes the St. Mary Parish Government is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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.

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

This criteria includes:

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

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

3. Organizations for which the reporting entity 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 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The two types of proprietary funds are enterprise and internal service funds. The Commission's fund is an enterprise fund.

Enterprise funds

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

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

Business-type 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. Proprietary fund equity is classified as net position.

Basis of Accounting

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

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

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

Receivables

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

Prepaid items

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

Restricted assets

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

Capital assets

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

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

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of revenues, expenses and changes in fund net position, which accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

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

Water Supply Facilities	10 - 40 Years
Water and Sewer Treatment Facilities	20 - 40 Years
Water Distribution Facilities	40 Years
Furniture, Equipment, and Vehicles	3 - 7 Years

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

Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts by the allowance method.

Compensated absences

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

Equity classifications

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

1. 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.

2. 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.

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

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

E. Revenues and Expenses

Revenues

Fees for water and sewer services are recognized when earned. Ad valorem taxes are recorded in the year that they are received. Connection and service fees are recognized when received. Interest income is recognized when earned. Unbilled utility services receivables are recorded at year-end. Substantially, all other revenues are recorded when received.

Expenses

Expenses are classified by function for business-type activities. Expenses are further classified as operating and nonoperating. All expenses are recognized in the period that the liabilities are incurred.

F. Budgeting and Budgetary Accounting

Enterprise funds are not required under Louisiana Revised Statute 39:1301 et seq. to adopt a budget and accordingly, the Commission has elected to not formally adopt a budget.

G. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Commission may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2023, the Commission had cash and interest-bearing deposits (book balances) totaling $348,748 as follows:

Demand deposits:	
Unrestricted	$ 23,982
Restricted	24,766
Time deposits:	
Unrestricted	300,000
	$ 348,748

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. Deposit balances (bank balances) at September 30, 2023, are as follows:

Bank balances	$ 353,659
At September 30, 2023, the deposits are secured as follows:	
Federal deposit insurance	303,659
Pledged securities	50,000
Total insured and secured	$ 353,659

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 collateral securities that are in the possession of an outside party will not be recovered. The Commission does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2023, deposits in the amount of $50,000 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not the Commission's name.

(3) Receivables

At September 30, 2023, the Commission had customer utility accounts receivable as follows:

Customer accounts receivable	$ 145,349
Less: allowance for uncollectible accounts	(140,195)
Net customer accounts receivable	5,154
Utility collections due from other governments	6,377
Unbilled receivable	19,753
Total accounts receivable	$ 31,284

(4) Ad Valorem Taxes

The Commission's property tax is levied in October of each year on the assessed value of property within the Commission. Taxes are due and payable by December 31. The taxes are delinquent on January 1, at which time an enforceable lien attaches to the property. Taxes are collected on behalf of the Commission by the Sheriff and then remitted to the Commission. For the year ended December 31, 2023, taxes applicable to all taxable property within the boundaries of the Commission were levied at a rate of 9.88 mills on property with net assessed valuations totaling $45,686,829. These taxes are to be used for the purpose of maintaining and operating the water and sewer facility. Total taxes levied for the year ended September 30, 2023 was $451,384.

(5) Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	$ 108,237	$ -	$ -	$ 108,237
Construction in progress	51,534	49,787	79,991	21,330
Total capital assets not being depreciated	159,771	49,787	79,991	129,567
Capital assets being depreciated				
Equipment and furniture	140,736	-	-	140,736
Infrastructure	5,334,618	79,991	-	5,414,609
Total capital assets being depreciated	5,475,354	79,991	-	5,555,345
Less accumulated depreciation for:				
Equipment and furniture	104,412	3,909	-	108,321
Infrastructure	3,572,870	121,926	-	3,694,796
Total accumulated depreciation	3,677,282	125,835	-	3,803,117
Total capital assets, being depreciated, net	1,798,072	(45,844)	-	1,752,228
Total capital assets, net	$ 1,957,843	$ 3,943	$ 79,991	$ 1,881,795

Depreciation expense charged for the year ended September 30, 2023 was $125,835.

Subsequent to the year ended September 30, 2023, the Commission awarded three construction contracts in the total amount of approximately $4,071,088 for water treatment plant renovation and waterline interconnect projects.

(6) Due to other Governments

St. Mary Parish Government Ordinance No. 1171 imposes a monthly collection service charge of $15 per month for each residence from which solid waste is collected. The Commission bills the fees and remits each month all garbage service charges collected to the St. Mary Parish Government, less a collection fee. At September 30, 2023, the garbage collection charges due to the St. Mary Parish Government were $16,359.

Additionally, the Commission charges a monthly fee of $2 per month for each residence with water service for mosquito abatement as imposed by the St. Mary Parish Government. The Commission remits each month all mosquito abatement fees collected to the St. Mary Parish Government. At September 30, 2023, mosquito abatement fees due to the St. Mary Parish Government were $1,941.

(7) Employee Retirement

The Commission has implemented a SIMPLE retirement plan for its employees. Under the plan, the Commission matches an employee's salary deferrals up to three percent of the employee's total wages. For the year ended September 30, 2023, the Commission's matching contributions totaled $1,210.

(8) Contingencies

Sewerage Plant Operations

The Commission operates a sewerage 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.

(9) Compensation Paid to Board Members

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head of chief officer. With the exception of per diem, no other payments which would require disclosure were made to the Commission's chief officer, Frank Matthews.

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

Edward Patrick	$ 540
Frank Matthews	540
Merker Broussard	540
Sandra Edwards	480
Virginia Sutton	480
Wayne Caesar	540
	$ 3,120

(10) Risk Management

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

(11) Tax Abatements

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

ITEP is authorized by Article 7, Section 21(F) of the Louisiana Constitution. Companies qualifying as manufacturers can apply to the LBCI for a property tax exemption on all new property, as defined, used in the manufacturing process. Under ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of $5 million. The exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon approval by LBCI. These state-granted abatements have resulted in reductions of property taxes, which the tax entity administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement. For the year ended September 30, 2023, $104,476 of the Commission’s ad valorem tax revenues were abated by the state of Louisiana through ITEP.

(12) New Accounting Pronouncements

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

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

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

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This standard is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The effect of implementation on the Commission's financial statements has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the Commission's financial statements has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the Commission's financial statements has not yet been determined.

(13) Error Corrections

During the fiscal year September 30, 2023, error corrections resulted in restatement of beginning net position.

Previously reported accruals for sick leave were incomplete, understating compensated absences liability. Additionally, payroll taxes payable and other related payroll liabilities were not reduced upon payment, overstating the related liabilities. The effects of these errors have been corrected.

	Enterprise Fund
September 30, 2022, as previously reported	$ 2,305,156
Error corrections	(23,540)
September 30, 2022, as restated	$ 2,281,616

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

Of Counsel
C. Burton Kolder, CPA*

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022
Gerald A. Thibodeaux, Jr., CPA* - retired 2024

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

WWW.KCSRCPAS.COM

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

The Board of Commissioners
St. Mary Parish Water and Sewer Commission No. 5
Jeanerette, 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 *Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Mary Parish Water and Sewer Commission No. 5, (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated September 10, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of audit results and findings as items 2023-001, 2023-002, 2023-003, 2023-004, and 2023-005 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit results and findings as items 2023-006 and 2023-007.

Commission's Response to Findings

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

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
September 10, 2026

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 5
Jeanerette, Louisiana

Summary Schedule of Prior Audit Findings (continued)
Year Ended September 30, 2023

A. Internal Control

2022-001 − Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CURRENT STATUS: This finding is unresolved. See schedule of audit results and findings item 2023-001.

2022-002 – Financial Reporting

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

CURRENT STATUS: This finding is unresolved. See schedule of audit results and findings item 2023-002.

2022-003 – Reconciliation of Customer Deposits

CONDITION: The Commission does not maintain a listing of customer deposit balances to be reconciled to its general ledger and the related cash balances.

CURRENT STATUS: This finding is unresolved. See schedule of audit results and findings item 2023-003.

2022-004 – Bank Reconciliations

CONDITION: Bank reconciliations were not performed in a timely manner and were performed subsequent to year end.

CURRENT STATUS: This finding is unresolved. See schedule of audit results and findings item 2023-004.

B. Compliance

2022-005 – Failure to Publish Minutes

CONDITION: The Commission did not publish minutes for its public meetings in its official journal in a timely manner.

CURRENT STATUS: This finding is unresolved. See schedule of audit results and findings item 2023-006.

2022-006 – Late Audit Submission

CONDITION: The Commission's audit report was not completed and submitted to the Office of the Louisiana Legislative Auditor within six months or year end.

CURRENT STATUS: This finding is unresolved. See schedule of audit results and findings item 2023-007.

C. Uniform Guidance

This section was not applicable.

D. Management Letter

There were no prior management letter items.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 5
Jeanerette, Louisiana

Schedule of Audit Results and Findings
Year Ended September 30, 2023

Part I. Summary of auditor's results:

Financial Statements

1. Type of auditor's report issued on financial statements: Unmodified

2. Internal control over financial reporting:

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

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

Other

4. Management letter issued? ____ yes ✓ no

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

A. Internal Control

2023-001 − Segregation of Duties

Year Initially Occurring: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

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

CAUSE: The cause of the 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.

2023-002 – Financial Reporting

Year Initially Occurring: 2012

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

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

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

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

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

2023-003 − Reconciliation of Customer Deposits

Year Initially Occurring: 2016

CONDITION: The Commission does not maintain a listing of customer deposit balances to be reconciled to its general ledger and the related cash balances.

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 failure to maintain a listing of customer deposit balances.

EFFECT: Failure to reconcile customer deposit balances to the general ledger and the related cash balances can cause the customer deposits payable to be misstated.

RECOMMENDATION: We recommend that Commission implement policies and procedures to ensure that a listing of customer deposits is maintained and reconciled to the general ledger.

2023-004 – Bank Reconciliations

Year Initially Occurring: 2019

CONDITION: Bank reconciliations were not performed in a timely manner and were performed subsequent to year end.

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: Bank reconciliations were not performed in a timely manner.

EFFECT: Certain transactions were not recorded on the Commission's general ledger until after bank reconciliations were performed subsequent to year end, which could have led to bank overdrafts.

RECOMMENDATION: We recommend that Commission implement policies and procedures to ensure that bank reconciliations are performed on a monthly basis.

2023-005 – Long Outstanding Utility Receivables

Year Initially Occurring: 2023

CONDITION: Utility receivables include significant past due balances without active collection measures or service disconnection.

CRITERIA: Certain utility customers with large past due balances were not disconnected and continued to receive services.

CAUSE: Lack of disconnect policy for nonpayment.

EFFECT: Failure to disconnect utility services for nonpayment can cause receivable balances to be misstated.

RECOMMENDATION: We recommend that Commission implement policies and procedures to ensure that utility services are disconnected for nonpayment.

B. Compliance

2023-006 – Failure to Provide Written Minutes and Publish Minutes

Year Initially Occurring: 2020

CONDITION: The Commission did not provide written minutes for four public meetings held and did not publish minutes for its public meetings in its official journal in a timely manner.

CRITERIA: R.S. 42:20 states that all public bodies shall keep written minutes of all open meetings. It further states that the minutes shall be public records and shall be available within a reasonable time after the meetings and published in the public body's official journal.

CAUSE: Written minutes were not maintained and published in the official journal in a timely manner.

EFFECT: The failure to maintain written minutes and make written minutes available as public records within a reasonable period of time after the open meeting may be a violation of R.S. 42:20.

RECOMMENDATION: We recommend that the Commission prepare written minutes for its open meetings and publish these minutes in its official journal within a reasonable amount of time after the meeting.

2023-007 – Late Audit Submission

Year Initially Occurring: 2020

CONDITION: The Commission's audit report was not completed and submitted to the Louisiana Legislative Auditor within six months of year end.

CRITERIA: R.S. 24:513 et seq provides the following:

"Such audits shall be completed within six months of the close of the entity's fiscal year."

CAUSE: The condition results from a failure to comply with statutory provisions.

EFFECT: The Commission is not compliant with R.S. 24:513.

RECOMMENDATION: We recommend that the Commission institute policies and procedures to ensure its audit report is completed and submitted to the Louisiana Legislative Auditor within six months of year end.

Part III. Findings and questioned costs for Federal awards reported in accordance with Uniform Guidance:

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

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX A

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 5

Post Office Box 648
Jeanerette, LA 70544

September 10, 2026

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

The following is in response to the findings resulting from the Commission's audit for the fiscal year ended September 30, 2023:

2023-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Not applicable.

2023-002 – Financial Reporting

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

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

2023-003 – Reconciliation of Customer Deposits

CONDITION: The Commission does not maintain a listing of customer deposit balances to be reconciled to its general ledger and the related cash balances.

MANAGEMENT'S RESPONSE: The Commission will ensure that a listing of customer deposits is maintained and is reconciled to the general ledger.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 5

Post Office Box 648
Jeanerette, LA 70544

2023-004 – Bank Reconciliations

CONDITION: Bank reconciliations were not performed in a timely manner and were performed subsequent to year end.

MANAGEMENT'S RESPONSE: The Commission will ensure that bank reconciliations are prepared timely throughout the year.

2023-005 – Long Outstanding Utility Receivables

CONDITION: Utility receivables include significant past due balances without active collection measures or service disconnection.

MANAGEMENT'S RESPONSE: The Commission will implement policies and procedures establishing cutoff to ensure that utility services are disconnected for nonpayment.

2023-006 – Failure to Provide Written Minutes and Publish Minutes

CONDITION: The Commission did not provide written minutes for four public meetings held and did not publish minutes for its public meetings in its official journal in a timely manner.

MANAGEMENT'S RESPONSE: The Commission will ensure that written minutes for all public meetings are prepared and published in its official journal within a reasonable amount of time after the meeting.

2023-007 – Late Audit Submission

CONDITION: The Commission's audit report was not completed and submitted to the Louisiana Legislative Auditor within six months of year end.

MANAGEMENT'S RESPONSE: The Commission will continue to work with its contract accountant to ensure that financial records are provided to its independent auditors in a timely manner.

Sincerely,

Lionel "Butch" Metz, Board President

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 5

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2022 through September 30, 2023

KOLDER, SLAVEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

Of Counsel
C. Burton Kolder, CPA*

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022
Gerald A. Thibodeaux, Jr., CPA* - retired 2024

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

WWW.KCSRCPAS.COM

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

The Board of Commissioners,
St. Mary Parish Water and Sewer Commission No. 5 and
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2022 through September 30, 2023. The management of the St. Mary Parish Water and Sewer Commission No. 5 (hereinafter "Commission") is responsible for those control and compliance areas identified in the SAUPs.

An agreed-upon procedures engagement involves the performing of specific procedures that the Commission has agreed to and acknowledged to be appropriate on those control and compliance areas identified in the LLA's SAUPs for the fiscal period October 1, 2022 through September 30, 2023 and report on exceptions based upon the procedures performed. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. However, this report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions, if any, are as follows:

1) Written Policies and Procedures

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

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

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

iii. ***Disbursements*****,** including processing, reviewing, and approving.

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

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

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

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

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

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

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

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

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

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in

the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

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

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

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

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

4) Collections (excluding electronic funds transfers)

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

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

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

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

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

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

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

i. Observe that receipts are sequentially pre-numbered.

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

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

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

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

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

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

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

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

vii. 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;

viii. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

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

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

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

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

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

made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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

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

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

   i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

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

C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

Obtained management's representation that there were no travel and travel-related expense reimbursements during the fiscal period. Therefore, the procedures below are not applicable.

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

   i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

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

   iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

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

8) Contracts

Obtained management's representation that there were no agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Therefore, the procedures below are not applicable.

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

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

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

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

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

9) Payroll and Personnel

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

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

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

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

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

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

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

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

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

10) *Ethics*

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

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

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

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

11) Debt Service

Obtained management's representation that there were no bonds/notes and other debt instruments issued during the fiscal period or outstanding at the end of the fiscal period. Therefore, the procedures below are not applicable.

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

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

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

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

13) Information Technology Disaster Recovery/Business Continuity

We performed the procedure and discussed the results with management.

A. Perform the following procedures:

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

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

   iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

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

14) Prevention of Sexual Harassment

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

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

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

   i. Number and percentage of public servants in the agency who have completed the training requirements;

   ii. Number of sexual harassment complaints received by the agency;

   iii. Number of complaints which resulted in a finding that sexual harassment occurred;

   iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

   v. Amount of time it took to resolve each complaint.

Exceptions

Exceptions found as a result of applying the procedures listed above are as follows:

Written Policies and Procedures

1. The Commission does not have written polices and procedures for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, credit cards, travel and expense reimbursements, ethics, debt service, and information technology disaster recovery/business continuity.

2. Written policies and procedures for the prevention of sexual harassment address the subcategories identified in the SAUP procedures prescribed by the LLA with the exception of (2) annual employee training and (3) annual reporting.

Board or Finance Committee

3. The board did not meet with a quorum at least monthly.
4. Minutes did not reference or include monthly budget-to-actual comparisons on the proprietary fund.

Bank Reconciliations

5. The reconciliations of the Commission's four (4) bank accounts were not prepared within two (2) months of the statement closing date.
6. The reconciliations of the four (4) bank accounts did not evidence review by a member of management.

Collections

7. The employee responsible for collecting cash is also responsible for preparing/making bank deposits.
8. The employee responsible for collecting cash is also responsible for posting collection entries to the general ledger or subsidiary ledger.
9. The Commission does not utilize pre-numbered receipts.
10. Three (3) of the eight (8) deposits selected were not supported by underlying documentation.
11. Supporting documentation to verify that deposits were made within one (1) business day of collection could not be obtained for five (5) of the eight (8) deposits selected.

Non-Payroll Disbursements

12. The employee responsible for processing payments is not prohibited from adding/modifying vendor files with no other employee responsible for periodically reviewing the vendor list.
13. The employee responsible for processing payments also mails the payment.
14. One (1) of the five (5) disbursements selected did not agree with supporting documentation.
15. Three (3) of the five (5) disbursements selected did not evidence that two (2) employees involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.
16. The three (3) electronic disbursements selected did not evidence approval by the required number of authorized signers per policy.

Ethics

17. Documentation demonstrating completion of one hour of ethics training during the fiscal period could not be obtained for two (2) of the five (5) employees selected.
18. The Commission has not appointed an ethics designee as required by R.S. 42:1170.

Sexual Harassment

19. Documentation demonstrating completion of one hour of prevention of sexual harassment training could not be obtained for the five (5) employees selected.
20. The Commission does not have its sexual harassment and complaint procedure posted on its premises.

21. The Commission did not compile the annual sexual harassment report for the fiscal period as required by R.S. 42:344.

Management's Response

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

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
September 10, 2026