



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Timothy J. Palmatier, Finance Director
Jefferson Parish Government
Gretna, Louisiana

We have performed the procedures enumerated below on the quarterly operations and maintenance costs of the Sewerage and Water Board of New Orleans as of and for the quarter ended December 31, 2017. The Sewerage and Water Board of New Orleans' management is responsible for ensuring compliance with the terms of the contract between Jefferson Parish and the Sewerage and Water Board of New Orleans dated January 10, 1989 as they related to Drainage Pumping Station # 6 (DPS6). The Jefferson Parish Government has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining whether the Sewerage and Water Board of New Orleans complied with the terms of the contract mentioned above. 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.

Our procedures and findings are detailed in the accompanying list of procedures and findings and Schedules 1 and 2.

We were engaged by the Jefferson Parish Government to perform this agreed-upon procedures engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the applicable attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the quarterly operations and maintenance costs of the Sewerage and Water Board of New Orleans' Pumping Station No. 6. 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 Sewerage and Water Board of New Orleans and to meet our other ethical requirements, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Jefferson Parish Government and is not intended to be by anyone other than that specified party.

Kushner LaGraize, L.L.C.

May 10, 2022

PROCEDURES AND FINDINGS

1. Obtain and review the original contract and subsequent amendments between Jefferson Parish and the Sewerage and Water Board of New Orleans (The Agreement).

We obtained and reviewed the original contract without exception.

2. For the period being examined, obtain and review the budget of operations and maintenance costs for Drainage Pumping Station No. 6 and determine that the budget was presented to the Sewerage and Water Board of New Orleans (Sewerage and Water Board) Engineering Committee and Jefferson Parish as required by Section VI.C.2 of the Agreement.

The original agreement between Jefferson Parish and the Sewerage and Water Board states in section VI.C.2 that the board shall submit a budget of operations and maintenance expenses for Drainage Pumping Station No. 6 for approval to the Engineering Committee. Per discussion with the Sewerage and Water Board's Financial Administrator, the engineering committee does not exist. However, the Finance Department does submit a comprehensive annual budget for approval by the Board. It is made available to Jefferson Parish and the Public for review. We reviewed the operating and capital budgets, without exception.

3. Make inquiries as to the receipt of Federal Emergency Management Agency reimbursements for additional operations and maintenance expenses of Drainage Pumping Station No. 6.

We inquired as to the receipt of FEMA reimbursements. None were noted.

4. Obtained the quarterly invoice and underlying support for the period under examination. Recalculate the invoice and verify the clerical accuracy. Determine that the formulas used in the calculations are accurate and in accordance with the Agreement.

We recalculated the invoice received from the Sewerage and Water Board, without exception.

5. Review the central amounts invoiced to ensure that Jefferson Parish is invoiced for the proper percentage of the operations and maintenance costs in accordance with the terms of the Agreement.

We reviewed the central amounts invoiced. Jefferson Parish was invoiced for the proper percentage of operations and maintenance costs.

6. Review the Sewerage and Water Board's procedures for accounting for direct and allocated costs associated with Drainage Pumping Station No. 6 to ensure that the allocated methodology is acceptable under the terms of the Agreement.

We reviewed the Sewerage and Water Board of New Orleans's procedures for accounting for direct and allocated costs and did not note any exceptions according to the terms of this Agreement.

7. Review the Sewerage and Water Board's procedures for allocating expenditures between drainage, sewerage and water to ensure that there are no duplicate charges on the invoices to Jefferson Parish.

We reviewed the Sewerage and Water Board's procedures for allocating expenditures between drainage, sewerage and water and noted no duplicate charges.

8. Review the Sewerage and Water Board's cost for associated operations (high pressure gas cost, electrical restoration costs, etc.) to determine that such costs are being allocated properly between sewerage, water, and drainage and not being borne disproportionately by drainage costs at Drainage Pumping Station No. 6, which is shared with Jefferson Parish.

We reviewed the Sewerage and Water Board's procedures for allocating drainage cost by selecting a sample of charges that totaled to the amounts included in the invoice for Drainage Pumping Station No. 6. The originally issued invoice was \$877,620. During our review, we noted certain costs were being borne disproportionately by Drainage Pumping Station No. 6. Further review of these costs prompted meetings between the management of Jefferson Parish and the Sewerage and Water Board to discuss the method of allocation. As a result of these meetings, the invoice was reissued using an allocation method acceptable to both entities. The invoice was reissued for \$267,285, which included a cost reduction of \$610,335.

9. Review the Sewerage and Water Board's procedures for allocating drainage costs to Drainage Pumping Station No. 6 based on its pumping capacity as compared to the entire drainage operation to ensure that Jefferson Parish is not being invoiced for a disproportionate share of the Sewerage and Water Board's drainage costs.

We reviewed the Sewerage and Water Board's procedures for allocating drainage costs without exception. In our review, we used 9,580 cubic feet per second (CFS) as the capacity for Drainage Pumping Station No. 6, which was reviewed and approved by Jefferson Parish, and 50,891 CFS as the total drainage operations capacity, which was represented to us by the Sewerage and Water Board.

10. Obtain the Sewerage and Water Board's responses to findings and present the findings and responses in a report to the Jefferson Parish council.

No findings were noted.

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11. Present a schedule of the costs billed to Jefferson Parish by quarter and year for the period under examination. Determine the percentage by which the invoiced costs have increased or decreased from period to period.

See Schedules 1 and 2.

JEFFERSON PARISH GOVERNMENT
OPERATION AND MAINTENANCE COSTS
SCHEDULES 1 AND 2
PUMPING STATION No. 6

Schedule 1 shows the pro rata cost of operations for DPS No. 6., as billed to Jefferson Parish.

Costs Billed to Jefferson Parish

| | * | * | * | * | | | | | | | |
|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| 1st Quarter | \$ 105,571 | \$ 84,102 | \$ 92,953 | \$ 137,581 | \$ 139,164 | \$ 123,344 | \$ 184,221 | \$ 182,319 | \$ 190,622 | \$ 168,885 | \$ 174,938 |
| 2nd Quarter | 130,616 | 303,795 | 177,033 | 180,068 | 137,057 | 157,322 | 156,321 | 206,596 | 172,921 | 215,826 | 195,125 |
| 3rd Quarter | 185,212 | 167,006 | 164,107 | 177,436 | 175,380 | 200,449 | 184,191 | 204,850 | 202,999 | 165,207 | 246,656 |
| 4th Quarter | 300,885 | 275,893 | 233,840 | 226,100 | 268,277 | 264,803 | 200,784 | 241,989 | 220,656 | 205,403 | 267,285 |
| Totals | \$ 722,284 | \$ 830,796 | \$ 667,933 | \$ 721,185 | \$ 719,878 | \$ 745,918 | \$ 725,517 | \$ 835,754 | \$ 787,198 | \$ 755,321 | \$ 884,004 |

Schedule 2 shows the percentage change in billings from the previous years and the percentage increase/decrease in billings from 2008 through 2017.

Increase (Decrease) in Billed Costs from Previous Year

| | * | * | * | | | | | | | | |
|-----------------------|------------|-------------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2007-2017 |
| 1st Quarter | -20% | 11% | 48% | 1% | -11% | 49% | -1% | 5% | -11% | 4% | 66% |
| 2nd Quarter | 133% | -42% | 2% | -24% | 15% | -1% | 32% | -16% | 25% | -10% | 49% |
| 3rd Quarter | -10% | -2% | 8% | -1% | 14% | -8% | 11% | -1% | -19% | 49% | 33% |
| 4th Quarter | -8% | -15% | -3% | 19% | -1% | -24% | 21% | -9% | -7% | 30% | -11% |
| Total per year | 15% | -20% | 8% | 0% | 4% | -3% | 15% | -6% | -4% | 17% | 22% |

* Prepared by prior year Auditors.