ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1

Stephensville, Louisiana

Financial Report

Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners
St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of St. Martin Parish Water and Sewer Commission No. 1 (hereinafter, the "Commission"), a component unit of the Parish of St. Martin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Commission as of December 31, 2020, 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.

Emphasis of Matter

As described in Note 14, the prior financial statements have been restated to correct errors. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that certain information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the schedule of employer's share of net pension liability/asset on page 30, schedule of employer contributions on page 31, or note to retirement system schedules on page 32 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 30, 2021 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 30, 2021

BASIC FINANCIAL STATEMENTS

ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1
Stephensville, Louisiana

Statement of Net Position
December 31, 2020

ASSETS	
Current assets:	
Cash and cash equivalents	$ 896,713
Receivables:	
Accounts	47,068
Ad valorem taxes, net	393,215
Due from other governmental units	2,855
Prepaid expenses	13,038
Total current assets	1,352,889
Restricted assets:	
Cash	308,956
Ad valorem taxes receivable, net	107,779
Total restricted assets	416,735
Property, plant and equipment:	
Land	91,117
Other, net of accumulated depreciation	1,818,193
Total property, plant and equipment	1,909,310
Other assets:	
Deposits	519
Total assets	3,679,453
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to net pension liability	37,653
Total assets and deferred outflows of resources	$ 3,717,106

(continued)

ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1
Stephensville, Louisiana

Statement of Net Position (continued)
December 31, 2020

LIABILITIES AND NET POSITION

Current liabilities:	
Due to other governmental units	$ 8,640
Accrued liabilities	11,225
Deductions from ad valorem taxes	16,131
Unearned revenue	12,070
Payable from restricted assets:	
Current maturities of long term debt	109,000
Accrued interest	13,756
Refundable deposits	7,449
Total current liabilities	178,271
Long-term debt:	
General obligation bonds payable	605,000
Revenue bonds payable	146,000
Net pension liability	1,233
Total long-term debt	752,233
Total liabilities	930,504

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to net pension liability	57,246

NET POSITION

Net investment in capital assets	1,120,105
Restricted for -	
Debt service	324,735
Unrestricted	1,284,516
Total net position	$ 2,729,356

The accompanying notes are an integral part of this statement.

ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1
Stephensville, Louisiana

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2020

OPERATING REVENUES	
Utility service revenues	$ 450,377
Miscellaneous	2,365
Total operating revenues	452,742
OPERATING EXPENSES	
Salaries and related benefits	178,931
Supplies and materials	21,547
Other services and charges	277,849
Plant operation	172,188
Depreciation	191,042
Total operating expenses	841,557
Operating loss	(388,815)
NON-OPERATING REVENUES (EXPENSES)	
Ad valorem taxes	511,909
Interest income	358
Miscellaneous	1,103
Loss on asset disposition	(10,851)
Bond interest and fiscal charges	(41,467)
Total non-operating revenues (expenses)	461,052
Change in net position	72,237
NET POSITION, beginning, as restated	2,657,119
NET POSITION, ending	$ 2,729,356

The accompanying notes are an integral part of this statement.

ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1
Stephensville, Louisiana

Statement of Cash Flows
Year Ended December 31, 2020

OPERATING ACTIVITIES	
Water and sewer revenue collected	$ 459,517
Payments for goods and services	(486,607)
Payments to employees	(168,818)
Net cash used by operating activities	(195,908)
NON-CAPITAL FINANCING ACTIVITIES	
Receipts from taxes	448,091
CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest and fiscal charges paid	(41,964)
Principal paid on bonds	(102,000)
Net cash used by capital and related financing activities	(143,964)
INVESTING ACTIVITIES	
Interest received	358
Net increase in cash	108,577
Cash and cash equivalents, beginning	1,097,092
Cash and cash equivalents, ending	$ 1,205,669

(continued)

ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1
Stephensville, Louisiana

Statement of Cash Flows (continued)
Year Ended December 31, 2020

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (388,815)
Adjustment to reconcile operating loss to net cash used by operating activities -	
Depreciation	191,042
Pension expense, net of nonemployer contributions	7,994
Changes in assets and liabilities:	
Receivables	2,100
Due to other governmental units	(15,553)
Accrued liabilities	530
Refundable deposits	6,794
Net cash used by operating activities	$ (195,908)

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

Cash and cash equivalents, ending	
Cash and cash equivalents - unrestricted	$ 896,713
Cash - restricted	308,956
Total cash and cash equivalents, ending	1,205,669
Cash and cash equivalents, beginning	
Cash and cash equivalents - unrestricted	290,967
Cash - restricted	806,125
Total cash and cash equivalents, beginning	1,097,092
Net increase in cash	$ 108,577

The accompanying notes are an integral part of this statement.

ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1
Stephensville, Louisiana

Notes to Basic Financial Statements

INTRODUCTION

The St. Martin Parish Water and Sewer Commission No. 1 ("Commission") was created under the provisions of Louisiana Revised Statutes 33:7831 by ordinance issued by the St. Martin Parish Police Jury on March 2, 1993. The Commission is authorized to operate, maintain, improve, extend and/or dispose of all works and facilities for water, sewer, and sewerage treatment or disposal facilities and systems within the boundaries of Ward 6 of St. Martin Parish. The Commission is governed by five to seven board members appointed by the Council of St. Martin Parish Government.

(1) Summary of Significant Accounting Policies

The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

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

These criteria include:

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 to 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 Government.

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 St. Martin Parish Government, 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 net position, changes in net position, and cash flows. The two types of proprietary funds are enterprise and internal service funds. The Commission’s fund is an enterprise fund.

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to 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 changes in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus/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

The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Cash and Interest-bearing Deposits

For balance sheet purposes, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits. For the purpose of the cash flows, "cash and cash 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 the current reporting period are recorded as prepaid items.

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported on the balance sheet. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Commission maintains a threshold level of $1,000 for capitalizing assets.

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

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of revenues, expenses and changes in net position, with accumulated depreciation reflected on the balance sheet. 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:

Buildings and Improvements	20 years
Water Plant	40 years
Sewerage Plant	40 years
Office Equipment	5 years
Machinery and Equipment	5-7 years

Capitalized Interest

The Commission capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Bad Debts

Uncollectible amounts due from utility services and ad valorem taxes are recognized as bad debts through the establishment of an allowance account at the time information becomes available indicating the collectability of the receivable.

Compensated Absences

Employees of the Commission earn from seven and one-half to thirteen and one-half days of vacation and seven and one-half to thirteen and one-half days of sick leave each year, depending on length of service with the Commission. All unused vacation and sick leave shall be carried forward to the succeeding fiscal year.

At December 31, 2020 accumulated vacation and sick leave benefits were immaterial.

Long-term Debt

All long-term debt to be repaid from business-type resources is reported as liabilities in the financial statements. The long-term debt consists primarily of bonds payable.

Equity Classifications

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

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

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

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

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

E. Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenses

Expenses are classified by function for business-type activities and are further classified as operating and nonoperating.

Proprietary funds report expenses relating to use of economic resources.

F. Pensions

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

G. Budgets and Budgetary Accounting

Enterprise funds are not required under Louisiana Revised Statute 39:1301 et seq to adopt a budget and the Commission has elected to not formally adopt a budget. Accordingly, budgeted figures are not presented in this financial report.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures 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 December 31, 2020, the Commission has cash and interest-bearing deposits (book balances) totaling $1,205,669 as follows:

Cash on hand	$ 300
Demand deposits	1,067,959
Time deposits	137,410
Total	$ 1,205,669

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2020, are as follows:

Bank balances	$ 1,216,881

At December 31, 2020 , the deposits are secured as follows:

Federal deposit insurance	$ 492,273
Collateralized by securities held by pledging financial institution	724,608
Total	$ 1,216,881

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 December 31, 2020, deposits in the amount of $724,608 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) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Commission in September or October and are actually billed to the taxpayers in November or December. Billed taxes become delinquent on January 1st of the following year.

The following is a summary of authorized and levied ad valorem tax millages:

	Tax Millages	
	Authorized	Levied
Commission taxes:		
Special Assessment	7.65	7.65
District taxes:		
Maintenance-		
St. Martin Parish Sewerage District No. 1	4.78	4.78
St. Martin Parish Waterworks District No. 2	4.90	4.90
Bond and Interest-		
St. Martin Parish Waterworks District No. 2	1.83	4.75

Levied millages are reported as non-operating revenue on the statement of revenues, expenses and changes in net position.

In accordance with RS 39:569, the Commission is authorized to impose and collect annually a tax on all property subject to taxation sufficient in amount to pay the interest annually or semiannually and the principal falling due each year or for any sinking fund necessary to retire bonds at maturity. However, the Commission may have assessed a tax millage which expired in 2019.

Total taxes of $512,818 were levied on property having assessed taxable valuations totaling $23,225,208. At December 31, 2020, ad valorem taxes receivable consisted of the following:

	Non Restricted	Restricted	Total
Ad valorem taxes receivable	$ 402,495	$ 110,323	$ 512,818
Allowance for uncollectible receivables	(9,280)	(2,544)	(11,824)
Ad valorem taxes receivable, net	$ 393,215	$ 107,779	$ 500,994

(4) Restricted Assets - Proprietary Fund Type (Enterprise Utility Fund)

Restricted assets consisted of the following at December 31, 2020:

	Cash	Taxes Receivable	Total
Sewer Revenue and Refunding Bonds			
Revenue bond and interest sinking fund	$ 69,000	$ -	$ 69,000
Depreciation and contingency fund	45,140	-	45,140
Operations and maintenance - unspent bond proceeds	70,795	-	70,795
	184,935	-	184,935
General Obligation Bonds			
Series 2013	124,021	107,779	231,800
Total	$ 308,956	$ 107,779	$ 416,735

(5) Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
Capital assets not being depreciated:				
Land	$ 91,117	$ -	$ -	$ 91,117
Capital assets being depreciated:				
Buildings	101,083	-	-	101,083
Water system	1,832,281	-	-	1,832,281
Sewerage plant	4,454,977	-	56,060	4,398,917
Office equipment	22,000	-	-	22,000
Machinery and equipment	45,516	-	-	45,516
Total capital assets being depreciated	6,455,857	-	56,060	6,399,797
Less accumulated depreciation				
Buildings	61,355	2,818	-	64,173
Water system	1,151,329	52,230	-	1,203,559
Sewerage plant	3,157,695	135,825	45,209	3,248,311
Office equipment	20,957	-	-	20,957
Machinery and equipment	44,435	169	-	44,604
Total accumulated depreciation	4,435,771	191,042	45,209	4,581,604
Capital assets, net	$ 2,111,203	$ (191,042)	$(101,269)	$ 1,909,310

Depreciation expense was charged to business-type activities in the amount of $191,042.

No interest costs were capitalized for the year ended December 31, 2020. Total interest costs incurred and charged to expense was $41,467.

(6) Changes in Long-Term Debt

The following is a summary of bond transactions of the Commission for the year ended December 31, 2020:

	1/1/2020	Additions	Payments	12/31/2020	Due Within One Year
General Obligation Bonds	680,000	-	(35,000)	645,000	40,000
Sewer Revenue Bonds	282,000	-	(67,000)	215,000	69,000
Total long-term debt	$ 962,000	$ -	$ (102,000)	$ 860,000	$ 109,000

Bonds payable at December 31, 2020 are comprised of the following individual issues:

Sewer Revenue Bonds:	
$675,000 Sewer Revenue and Refunding Bonds, Series 2013, dated 12/27/2013, due in annual installments of $53,000 - $74,000 through September 1, 2023; interest at 3.75 percent; secured by system revenues	$ 215,000
General Obligation Bonds:	
$700,000 General Obligation Bonds, Series 2013, dated 12/27/2013, due in annual installments of $5,000 - $65,000 through March 1, 2033; interest at 4.75 percent; secured by ad valorem tax revenues	645,000
Total bonds payable	$ 860,000

Future maturities of the bonds are due as follows:

Year ending December 31,	Principal	Interest	Totals
2021	109,000	37,749	146,749
2022	112,000	33,263	145,263
2023	114,000	28,662	142,662
2024	45,000	23,868	68,868
2025	45,000	21,731	66,731
2026-2030	250,000	74,577	324,577
2031-2033	185,000	13,420	198,420
Totals	$ 860,000	$ 233,270	$ 1,093,270

(7) Flow of Funds; Restrictions on Use - System Revenues

Under the terms of the $675,000 Sewer Revenue and Refunding Bonds, Series 2013, the bonds are secured and payable by a pledge and dedication of the revenues of the system, subject to the prior payment of the reasonable and necessary expenses of operating and maintaining the system. The Commission is obligated to fix, establish, maintain and collect such rates and fees sufficient to pay the expenses of operating and maintaining the system, paying the principal and interest falling due on the bonds each year, and which will provide at least 105% of the largest amount of principal and interest falling due.

The Commission is also required to establish and maintain certain sinking and contingency funds as follows:

Sewer Revenue Bond and Interest Sinking Fund

The Commission is required to set aside into a Sewer Revenue Bond and Interest Sinking Fund, on or before the 20th day of each month, a sum equal to one-sixth (1/6th) of the total interest falling due on the next interest payment date and one-twelfth (1/12th) of the total amount of principal falling due on the next principal payment date. Funds deposited in this account are available only for the retirement of maturing bonds and interest.

Depreciation and Contingency Fund

The Sewer Depreciation and Contingency Fund is established to care for depreciation, extensions, additions, improvements, and replacements necessary to operate the system. The Commission is required the fund the Sewer Depreciation and Contingency Fund by transferring, on or before the 20th day of each month, a sum at least equal to five percent (5%) of the amount to be paid into the Sewer Revenue Bond and Interest Sinking Fund. Such payments continue until there has been accumulated a maximum of $25,000.

(8) Employee Retirement

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

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

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

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

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

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

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

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

Retirement Benefits: Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits: Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

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

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

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

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

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

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

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

In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2019, the actuarially determined contribution rate was 12.18% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2019 was 11.50% for Plan A.

According to state statute, the System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. During the year ended December 31, 2020, the Commission recognized revenue as a result of support received from non-employer contributing entities of $2,119 for its participation in the System.

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

At December 31, 2020, the Commission reported a liability of $1,233 for its proportionate share of the net pension liability of PERS. The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019, the Commission's proportional share of PERS was 0.026187%, which was an increase of 0.002152% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Commission recognized pension expense of $25,866 in its activities.

At December 31, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 11,036
Changes in assumptions	17,217	-
Net difference between projected and actual earnings on pension plan investments	-	46,210
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,683	-
Employer contributions subsequent to the measurement date	15,753	-
	$ 37,653	$ 57,246

Deferred outflows of resources of $15,753 related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year	
2021	$ (6,877)
2022	(9,641)
2023	1,978
2024	(20,806)
Total	$ (35,346)

Actuarial Assumptions

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

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2020 are as follows:

	Parochial Employees' Retirement System of Louisiana Plan A
Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.50%, net of investment expense, including inflation
Projected Salary Increases	4.75%
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants
Inflation Rate	2.40%

The discount rate used to measure the total pension asset was 6.50% for Plan A, which was the same rate used as of December 31, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, PERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The investment rate of return was 6.50% for Plan A, which was the same rate used as of December 31, 2018. The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% for the year ended December 31, 2019.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate Of Return
Fixed Income	35%	1.05%
Equity	52%	3.41%
Alternatives	11%	0.61%
Real assets	2%	0.11%
Totals	100%	5.18%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.18%

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

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

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability	$ 133,237	$ 1,233	$ (109,384)

Payables to the Pension Plan

The Commission recorded accrued liabilities to PERS for the year ended December 31, 2020, primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accrued liabilities. The balance due to PERS as of December 31, 2020 is $7,692.

Pension Plan Fiduciary Net Positions

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

(9) 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 coverage, retentions, or limits during the year ended December 31, 2020. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(10) Contingencies

The Commission operates a sewerage plant, which is regulated by the Department of Environmental Quality and the Environmental Protection Agency. 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.

(11) Compensation Paid to Board Members

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 $250 per month.

Board members:	
Eroy Acosta	$ 3,000
Jimmy Bailey	3,000
Shelby Daigle	3,000
Ricky Acosta	3,000
Jesse Doiron	3,000
Total	$ 15,000

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 or chief officer. With the exception of per diem, no other payments which would require disclosure were made to the Commission's chief officer. For the year ended December 31, 2020, the Commission's chief officer, Jesse Doiron, received $3,000 in per diem payments.

(12) Related Party Activity

The Commission collects mosquito charges on behalf of the St. Martin Parish Government (the "Parish"). For the year ended December 31, 2020, the Commission collected and remitted $41,514 to the Parish. Of the $8,640 reported as amounts due to other governmental units at December 31, 2020, $3,723 is due to the Parish.

(13) On-Behalf Payments

As required by GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance,* the accompanying financial statements include ad valorem tax revenues and the related pension expenditures for on-behalf payments made by the St. Martin Parish Sheriff and Tax Collector to the Parochial Employees' Retirement System in the amount of $1,819.

(14) Prior Period Adjustments

During the year ended December 31, 2020, the Commission made adjustments to correct prior year overstatements of due to other governmental units and due from other governments. The effects of the corrections are as follows:

`	Net Position
Beginning balance, as previously stated	$ 2,597,715
Restatement of due to other governments	31,258
Restatement of accounts payable	28,146
Beginning balance, as restated	$ 2,657,119

(15) Accounting Standard Scheduled to be Implemented

Following is a summary of an accounting standard adopted by the Governmental Accounting Standards Board (GASB) that is scheduled to be implemented in the future and may affect the Commission's financial report:

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

The Statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 were delayed by the issuance of GASBS No. 95 but are effective for fiscal years beginning after June 15, 2021. The effect of implementation on the Commission's financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1
Stephensville, Louisiana

Schedule of Employer's Share of Net Pension Liability/Asset
Year Ended December 31, 2020

Fiscal Year Ended Dec 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/ Asset
2014	0.016716%	$ 4,570	$ 94,588	4.83%	99.15%
2015	0.014849%	$ 39,087	$ 86,609	45.13%	92.23%
2016	0.015370%	$ 31,655	$ 91,152	34.73%	94.15%
2017	0.016165%	$ (11,998)	$ 99,492	-12.06%	101.98%
2018	0.024035%	$ 106,676	$ 147,753	72.20%	88.86%
2019	0.026187%	$ 1,233	$ 166,043	0.74%	99.89%

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

See note to retirement system schedules.

ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1
Stephensville, Louisiana

Schedule of Employer Contributions
Year Ended December 31, 2020

Plan Year Ended Dec 31,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	$ 12,345	$ 12,345	$ -	$ 86,609	14.25%
2016	$ 11,850	$ 11,850	$ -	$ 91,152	13.00%
2017	$ 12,437	$ 12,437	$ -	$ 99,492	12.50%
2018	$ 16,992	$ 16,992	$ -	$ 147,753	11.50%
2019	$ 19,095	$ 19,095	$ -	$ 166,043	11.50%
2020	$ 15,753	$ 15,753	$ -	$ 128,596	12.25%

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

See note to retirement system schedules.

ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1
Stephensville, Louisiana

Note to Retirement System Schedules
Year Ended December 31, 2020

Parochial Employees' Retirement System

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

Changes of assumptions –

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

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
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Wanda F. Arcement, CPA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Commissioners
St. Martin Parish Water and Sewer Commission No. 1
Stephensville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Martin Parish Water and Sewer Commission No. 1 (hereinafter, the "Commission"), a component unit of the Parish of St. Martin, as of and for the year ended December 31, 2020, 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 30, 2021.

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 have not been identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and which are described in the accompanying schedule of audit results and findings as items 2020-001, 2020-002, and 2020-003.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Commission's Response to Findings

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

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
September 30, 2021

ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1
Stephensville, Louisiana

Schedule of Audit Results and Findings
Year Ended December 31, 2020

Part I. Summary of Auditor's Results

Financial Statements

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

Opinion Unit	Type of Opinion
Enterprise Fund	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 reported in accordance with *Governmental Auditing Standards*:

A. Internal Control –

2020-001 - 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 condition 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.

2020-002 – Financial Reporting

Year Initially Occurring: Unknown

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

CRITERIA: The Commission's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

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

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

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

2020-003−Material Financial Statement Adjustments

Year Initially Occurring: Unknown

CONDITION: Misstatements in the financial statements were not prevented, nor detected and corrected by the Commission's internal control resulting in proposed audit adjustments material to the financial statements.

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.

Such internal controls also allow management to prevent or detect and correct misstatements on a timely basis.

CAUSE: The condition results from the failure to design and implement or follow implemented policies and procedure which provide assurance that the financial statements are not materially misstated.

EFFECT: Material audit adjustments were necessary to correct misstatements in the financial statements.

RECOMMENDATION: We recommend the Commission design and implement policies and procedures or follow implemented policies and procedures which provide assurance to the fair presentation of the financial statements.

B. Compliance –

No findings are reported in this section.

Part III. Findings and Questioned Costs Relating to Federal Programs:

Requirements of the Uniform Guidance do not apply.

ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1
Stephensville, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020

A. Internal Control –

2019-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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.

CURRENT STATUS: See schedule of audit results and findings item 2020-001.

2019-002 – Financial Reporting

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

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

CURRENT STATUS: See schedule of audit results and findings item 2020-002.

2019-003 − Material Financial Statement Adjustments

CONDITION: Misstatements in the financial statements were not prevented, nor detected and corrected by the Commission's internal control resulting in proposed audit adjustments material to the financial statements.

RECOMMENDATION: We recommend the Commission design and implement policies and procedures or follow implemented policies and procedures which provide assurance to the fair presentation of the financial statements.

CURRENT STATUS: See schedule of audit results and findings item 2020-003.

B. Compliance –

No findings were reported under this section.

C. Management Letter –

No management letter was issued as a result of the prior engagement.

ST. MARTIN PARISH WATER AND SEWER COMMISSION NO. 1
Stephensville, Louisiana

Corrective Action Plan for Current Audit Findings
Year Ended December 31, 2020

2020-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

2020-002 – Financial Reporting

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

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

2020-003 − Material Financial Statement Adjustments

CONDITION: Misstatements in the financial statements were not prevented, nor detected and corrected by the Commission's internal control resulting in proposed audit adjustments material to the financial statements.

MANAGEMENT'S RESPONSE: The Commission has evaluated the cost/benefit of establishing internal controls over the preparation of the financial statement in accordance with generally accepted accounting principles and determined that it is the best interest of the Commission to outsource this task to its independent auditors and we will assign someone to oversee their services. We will also review, approve and accept responsibility for the content and presentation of the statements and related notes prior to issuance.

KOLDER, SLAVEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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MANAGEMENT LETTER

Board of Commissioners
c/o Mr. Jessie Doiron, Chair
St. Martin Parish Water and Sewer Commission No. 1
Stephensvillen, Louisiana

We have audited the financial statements St. Mary Parish Water and Sewer Commission No. 1 (hereinafter "Commission"), a component unit of the Parish of St. Martin, as of and for the year ended December 31, 2020 and have issued our report thereon dated September 30, 2021.

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

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

2020-ML-1 Assessment of Debt Millage

The Commission may be over assessing its millage for debt service. RS 39:569A states the following in part, "The governing authority of any subdivision issuing bonds hereunder shall impose and collect annually, in excess of all other taxes, a tax on all property subject to taxation by the subdivision sufficient in amount to pay the interest annually or semiannually and the principal falling due each year, or such amount as may be required, for any sinking fund necessary to retire said bonds at maturity…"

We recommend that the Commission consult with legal counsel to determine if debt millage should be reduced.

2020-ML-2 On-call Compensation

Certain employees receive an extra hour of pay for "on-call" time. Louisiana Attorney General Opinion 15-0048 states in part, "The United States Department of Labor (DOL) has opined that whether on-call constitutes hours worked depends upon the employee's ability to use the on-call time for his or her own purposes." 29 CFR Part 785.17 states, "An employee who is required to remain on call on the employer's premises or so close thereto that he cannot use the time effectively for his own purposes is working while "on call". An employee who is not required to remain on the employer's premises but is merely required to leave word at his home or with company officials where he may be reached is not working while on call. (*Armour & Co.* v. *Wantock,* 323 U.S. 126 (1944); *Handler* v. *Thrasher,* 191 F. 2d 120 (C.A. 10, 1951); *Walling* v. *Bank of Waynesboro, Georgia,* 61 F. Supp. 384 (S.D. Ga. 1945))" Also, to compensate employees for working "on-call", the practice should be included in a formal policy.

We recommend that the Commission assess its "on-call" compensation practice and seek legal guidance to determine if it meets the criteria stated above.

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

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

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

KOLDER, SLAVEN & COMPANY, LLC
Certified Public Accountants

St. Martin Water & Sewer Commission No. 1

Jesse Doiron – President
Shelby Daigle, Jr. – Vice President
Eroy Acosta – Commissioner
Ricky Acosta – Commissioner
Jimmy Bailey, Sr. – Commissioner

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September 30, 2020

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

RE: Management Letter

Dear Gerald,

The following is in response to the Management Letter comments of the Commission's audit for the fiscal year ended December 31, 2020:

2020-ML-1 Assessment of Debt Millage

Management's Response

The Commission will seek legal guidance to determine if future debt millage rates should be reduced.

2020-ML-2 On-call Compensation

Management's Response

The Commission will review its "on-call" practice and seek legal guidance to determine its legality. If the practice is determined to be lawful, a formal policy will be created.

Sincerely,

Ricky Acosta

Title: