ST. MARY PARISH WATER
AND SEWER COMMISSION NO. 4

Charenton, Louisiana

Financial Report

Year Ended September 30, 2021

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
St. Mary Parish Water and Sewer Commission No. 4
Charenton, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of St. Mary Parish Water and Sewer Commission No. 4 (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United State of America require 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 33, schedule of employer contributions on page 34, or the note to retirement system schedules on page 35 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The comparative financial statements, financial statements by utility, and other supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The comparative financial statements on pages 37-41, financial statements by utility on pages 42-44, and other supplementary schedules on pages 45-48 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on that information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 30, 2022

BASIC FINANCIAL STATEMENTS

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Statement of Net Position
September 30, 2021

ASSETS	
Current assets:	
Cash and interest-bearing deposits	$ 573,569
Receivables:	
Accounts receivable, net	602,591
Due from other governments	45,630
Prepaid expenses	28,402
Total current assets	1,250,192
Noncurrent assets:	
Restricted assets:	
Cash and interest-bearing deposits	1,372,535
Capital assets:	
Land and construction in progress	114,288
Other, net of accumulated depreciation	9,027,998
Other assets:	
Net pension asset	138,251
Total noncurrent assets	10,653,072
Total assets	11,903,264
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to net pension liability	71,417
Total assets and deferred outflows of resources	$ 11,974,681

(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Statement of Net Position (continued)
September 30, 2021

LIABILITIES

Current liabilities:	
Accounts payable	$ 8,816
Accrued liabilities	13,202
Due to other governmental units	138,345
Payable from restricted assets:	
Current maturities of bonds payable	444,229
Refundable deposits	188,568
Total current liabilities	793,160
Noncurrent liabilities:	
Bonds payable	3,513,011
Compensated absences	106,155
Total noncurrent liabilities	3,619,166
Total liabilities	4,412,326

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to net pension liability	170,735

NET POSITION

Net investment in capital assets	5,310,277
Restricted for debt service	614,507
Unrestricted	1,466,836
Total net position	7,391,620
Total liabilities, deferred inflows of resources, and net position	$ 11,974,681

The accompanying notes are an integral part of this statement.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

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

OPERATING REVENUES	
Water sales	$ 1,363,385
Sewer user and inspection fees	339,431
Commissions and fees for services	51,800
Other	8,163
Total operating revenues	1,762,779
OPERATING EXPENSES	
Salaries and related benefits	758,041
Supplies and materials	9,378
Operation and maintenance	704,706
Other services and charges	154,641
Plant operation	394,183
Depreciation	928,047
Total operating expenses	2,948,996
Operating loss	(1,186,217)
NONOPERATING REVENUES (EXPENSES)	
Ad valorem taxes, net	941,833
Bond interest and fiscal charges	(149,761)
Interest income	4,510
Miscellaneous income	37,499
Total nonoperating revenue	834,081
Loss before capital contribution	(352,136)
Capital contribution	2,319,307
Change in net position	1,967,171
NET POSITION, beginning	5,424,449
NET POSITION, ending	$ 7,391,620

The accompanying notes are an integral part of this statement.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Statement of Cash Flows
Year Ended September 30, 2021

OPERATING ACTIVITIES	
Receipts from customers	$ 1,808,273
Payments for goods and services	(1,429,289)
Payments to employees	(795,648)
Net cash used by operating activities	(416,664)
NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous receipts	42,240
Taxes received	896,203
Net cash provided by noncapital financing activities	938,443
CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(349,779)
Interest and fiscal charges paid	(136,772)
Principal payments on bonds	(445,713)
Net cash used by capital and related financing activities	(932,264)
INVESTING ACTIVITIES	
Interest received	4,510
Net decrease in cash and cash equivalents	(405,975)
Cash and cash equivalents, beginning	2,352,079
Cash and cash equivalents, ending	$ 1,946,104

(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Statement of Cash Flows (continued)
Year Ended September 30, 2021

Reconciliation of operating loss to net cash used by operating activities:	
Operating income (loss)	$ (1,186,217)
Adjustments to reconcile operating income to net cash provided (used) by operating activities-	
Depreciation	928,047
Pension expense, net of nonemployer contributions	(45,770)
Changes in assets and liabilities:	
Receivables	53,657
Prepaid expenses and other assets	(2,436)
Accounts payable	(112,489)
Accrued liabilities	(25,813)
Due to other governmental entities	(25,643)
Net cash used by operating activities	$ (416,664)

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

Cash and cash equivalents, beginning -	
Cash and interest-bearing deposits - unrestricted	$ 684,980
Cash and interest-bearing deposits - restricted	1,667,099
Total cash and cash equivalents, beginning	2,352,079
Cash and cash equivalents, ending -	
Cash and interest-bearing deposits - unrestricted	573,569
Cash and interest-bearing deposits - restricted	1,372,535
Total cash and cash equivalents, ending	1,946,104
Net decrease in cash	$ (405,975)

Noncash Capital and Related Financing Activities:

Acquisition of capital assets by contribution from other governments	$ 2,319,307

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

The St. Mary Parish Water and Sewer Commission No. 4 ("Commission") was created under the provisions of Louisiana Revised Statutes 33:7831 by ordinance issued by the St. Mary Parish Council on January 10, 2007. 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 a designated territory of St. Mary Parish. The Commission is governed by seven board members appointed by the St. Mary Parish Council.

On July 1, 2007, Water and Sewer Commission No. 4 began operations and effectively terminated the operations of Waterworks District No. 6, Sewerage District No. 9, and Sewerage District No. 7; however, none of the Districts were formally abolished by the Parish until September 12, 2018, when the St. Mary Parish Council adopted ordinances 2143, 2144, and 2147 abolishing Sewerage District No. 7 of the Parish of St. Mary, Sewerage District No. 9 of the Parish of St. Mary, and Waterworks District No. 6 of the Parish of St. Mary, respectively.

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Commission 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 subsections 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 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 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 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 to 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 Commission and does 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 position, and cash flows. The two types of proprietary funds are enterprise and internal service funds. The Commission operates as 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.

The Commission’s fund is used to account for the provision of water and sewerage collection and treatment services to residents. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

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

Proprietary funds 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 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 year end, 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 in the statement of net position. 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 $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 activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

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

Water system	20-50 years
Sewer System	50 years
Buildings	40 years
Improvements	20 years
Equipment	5-20 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 ad valorem taxes are recognized as bad debts by direct write-off at the time information becomes available which would indicate the impairment of the collectability of the receivable. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the impairment of the collectability of the particular receivable.

Deferred Outflows of Resources and Deferred Inflows of Resources

The Commission reports decreases (increases) in net position that relate to future periods as deferred outflows (inflows) of resources in separate sections of its statement of net position. The Commission reports deferred outflows of resources and deferred inflows of resources related to its net pension asset/liability.

Pensions

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

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. Up to 120 days of sick leave may be paid as a termination benefit upon retirement.

Long-term Debt

All long-term debt to be repaid from proprietary fund resources is reported as liabilities. The long-term debt consists primarily of bonds and notes 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 its use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first.

E. <u>Revenues and Expenses</u>

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and/or services in connection with ongoing operations. The principal operating revenue is charges to customers for water consumption and the collection and treatment of wastewater. Operating revenues also include tap fees intended to recover the costs of connecting new customers to the systems. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

F. 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 amounts are not presented in this financial report.

G. 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 and 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 September 30, 2021, the Commission has cash and interest-bearing deposits (book balances) totaling $ 1,946,104 as follows:

Cash on hand	$ 200
Demand deposits	766,174
Time deposits	1,179,730
Total cash	$ 1,946,104

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 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 Commission or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Bank balances	$ 1,981,259
Federal deposit insurance	803,470
Pledged securities	1,177,789
Total insured and secured	$ 1,981,259

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Commission's deposits may not be recovered or the Commission will not be able to recover collateral securities that are in the possession of an outside party. The Commission does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2021, deposits in the amount of $1,177,789 were exposed to custodial credit risk. These deposits are uninsured but collateralized with securities held by the pledging financial institution's agent, but not in the Commission's name.

Louisiana Revised Statute 39:1225 requires that the amount of the security shall at all times be equal to one hundred percent of the amount of collected funds on deposit, except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States.

(3) Restricted Assets

Restricted assets consisted of the following at September 30, 2021:

	Interest-bearing Deposits
Water improvement bonds	$ 952,011
Customer security deposits	188,568
Revenue bond reserve fund	50,454
Capital additions and contingencies fund	50,454
Sinking fund	13,690
Reserve fund	58,679
Contingency fund	58,679
Total	$ 1,372,535

(4) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September and are billed to the taxpayers by the Sheriff in October or November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. Taxes and the revenue recognized in the year they are billed.

The taxes are based on assessed values determined by the Tax Assessor of St. Mary Parish and are collected by the St. Mary Parish Sheriff. The taxes are remitted to the Commission net of deductions for pension fund contributions.

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

	Authorized/ Levied Millage
Commission taxes:	
Debt millage	11.04
Bond and interest millage	7.54
Operating millage	15.35

Levied millages for debt taxes and bond and interest taxes are restricted to payment of principal and interest on general obligation bonds and are reported as nonoperating revenue on the statement of revenues, expenses, and changes in net position.

Ad valorem taxes for the operation and maintenance millage are reported as nonoperating revenue on the statement of revenues, expenses, and changes in net position.

Total taxes of $1,175,482 were levied on property having assessed taxable valuations totaling $42,728,886.

(5) Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land and improvements	$ 6,926	$ -	$ -	$ 6,926
Construction in progress	274,366	259,263	426,267	107,362
Total capital assets not being depreciated	281,292	259,263	426,267	114,288
Capital assets being depreciated:				
Water system	12,944,941	-	-	12,944,941
Sewer system	10,702,663	-	-	10,702,663
Buildings	254,025	-	-	254,025
Improvements	454,359	2,745,574	-	3,199,933
Equipment	2,009,960	92,724	22,063	2,080,621
Total capital assets being depreciated	26,365,948	2,838,298	22,063	29,182,183
Less accumulated depreciation for:				
Water system	(9,163,580)	(413,955)	-	(9,577,535)
Sewer system	(8,943,495)	(452,073)	-	(9,395,568)
Buildings	(58,220)	(3,034)	-	(61,254)
Improvements	(247,149)	(28,933)	-	(276,082)
Equipment	(833,550)	(30,052)	(19,856)	(843,746)
Total accumulated depreciation	(19,245,994)	(928,047)	(19,856)	(20,154,185)
Total capital assets being depreciated, net	7,119,954	1,910,251	41,919	9,027,998
Capital assets, net	$ 7,401,246	$ 2,169,514	$ 468,186	$ 9,142,286

Depreciation expense for the year ended September 30, 2021 totaled $928,047.

(6) Changes in Long-Term Debt

The following is a summary of bond transactions of the Commission for the year ended September 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct borrowings:					
Water revenue notes payable	$ 677,126	$ -	$ 19,010	$ 658,116	$ 19,236
Sewer revenue bonds	793,838	-	24,714	769,124	24,993
Direct placements:					
Water improvement bonds, series 2007	59,000	-	29,000	30,000	30,000
G.O. bonds, series 2008	635,000	-	65,000	570,000	70,000
G.O. bonds, series 2014	1,880,000	-	210,000	1,670,000	215,000
G.O. refunding bonds, series 2016	345,000	-	85,000	260,000	85,000
Compensated absences	106,155	-	-	106,155	-
	$ 4,496,119	$ -	$ 432,724	$ 4,063,395	$ 444,229

Bonds payable at September 30, 2021 are comprised of the following individual issues:

$350,000 Water Improvement Bonds, Series 2007, dated 09/05/07; due in annual installments of $16,000-$30,000 through August 1, 2022; interest rate of 4.119% per annum, secured by system revenue.	$ 30,000
$1,200,000 General Obligation Bonds, Series 2008, dated 03/01/08; due in annual installments of $35,000-$95,000 through March 1, 2028; interest rate of 3.94% per annum, secured by ad valorem taxation.	$ 570,000
$900,000 Water Revenue Notes Payable, issued for constructing improvements to the waterworks plant and system, payable in Monthly installments of $4,230 from 2003 to 2043, with interest at 4.75% per annum; secured by system revenues.	$ 658,116
$1,100,000 Sewerage Revenue Bonds; due in monthly installments of $4,994 beginning January 5, 2002; payable over 40 years; interest rate of 4.50% per annum.	$ 769,124
$3,000,000 General Obligation Bonds, Series 2014, issued July 2014 for construction improvements to the waterworks plant and system, payable in annual installments of $175,000 to $260,000 from 2015 to 2028, semi-annual interest payable at 0.25% to 3.00% per annum. The bonds maturing March 2028 and thereafter are callable for redemption in full, or in part, after March 2024; secured by ad valorem tax revenues.	$ 1,670,000
$655,000 General Obligation Refunding Bonds, Series 2016, dated June 22, 2016; due in annual installments of $75,000 to $90,000 through March 1, 2024; semi-annual interest payable at 1.875% to 2.125% per annum.	$ 260,000

The bonds are due as follows:

	Direct Placements				Direct Borrowings		
Year Ending	Water Improvement Bonds		General Obligation Bonds		Revenue Bonds/Notes		
September 30,	Principal	Interest	Principal	Interest	Principal	Interest	TOTAL
2022	30,000	1,306	370,000	70,258	44,229	66,459	582,252
2023	-	-	385,000	60,413	47,388	63,300	556,101
2024	-	-	395,000	48,782	49,634	61,054	554,470
2025	-	-	320,000	37,509	51,988	58,700	468,197
2026	-	-	330,000	27,588	54,454	56,234	468,276
2027 - 2031	-	-	700,000	22,785	313,554	239,886	1,276,225
2032 - 2036	-	-	-	-	395,335	158,105	553,440
2037 - 2041	-	-	-	-	448,746	55,772	504,518
2042 - 2046	-	-	-	-	21,912	253	22,165
	$ 30,000	$ 1,306	$ 2,500,000	$ 267,335	$ 1,427,240	$ 759,763	$ 4,985,644

(7) 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 B.

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

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

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

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

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

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

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. 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 B shall consist of an amount equal to 2% 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: Plan B members need ten (10) years of service credit to be eligible for survivor benefits Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

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 B, a member shall be eligible to retire and receive a disability benefit if he/she was 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 2% of the member's final average compensation multiplied by his years of 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 65 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 plan year ended December 31, 2020, the actuarially determined contribution rate was 7.39% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2020 was 7.50% for Plan B.

Non-employer Contributions: According to state statute, PERS also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. During the year ended September 30, 2021, the Commission recognized revenue as a result of support received from non-employer contributing entities of $8,163 for its participation in PERS.

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

At September 30, 2021, the Commission reported assets in its financial statements of $138,251 for its proportionate share of the net pension asset of PERS. The net pension asset was measured as of December 31, 2020 and the total pension asset used to calculate the net pension obligation was determined by separate actuarial valuations performed as of that date. The Commission's proportion of the net pension asset was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2020, the Commission's proportional share of PERS was 0.538516%, which was a decrease of 0.009415% from its proportion measured as of December 31, 2019.

For the year ended September 30, 2021, the Commission recognized a pension expense of $14,813 in its activities.

At September 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 8,769	$ 3,966
Changes of assumptions	23,677	-
Net difference between projected and actual earnings on pension plan investments	-	163,390
Changes in proportion and differences between employer contributions and proportionate share of contributions	(208)	3,379
Employer contributions subsequent to the measurement date	39,179	-
	$ 71,417	$ 170,735

The $39,179 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as an increase of 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 as follows:

Year	
2022	(42,407)
2023	(13,352)
2024	(55,638)
2025	(27,100)
	$ (138,497)

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 September 30, 2021 are as follows:

	Parochial Employees' Retirement System of Louisiana Plan B
Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions: Investment Rate of Return	6.40%, net of investment expense, including inflation
Projected Salary Increases	4.25%
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants
Inflation Rate	2.30%

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

The investment rate of return was 6.40% for Plan B, which was a .10% decrease from the rate used in the prior year. The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2020.

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

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

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

Sensitivity to Changes in Discount Rate

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

	Changes in Discount Rate		
	1% Decrease 5.40%	Current Discount Rate 6.40%	1% Increase 7.40%
Net Pension Liability (Asset)	$ 129,246	$ (138,251)	$ (361,781)

Payables to the Pension Plan

The Commission recorded accrued liabilities to PERS for the year ended September 30, 2021, primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accrued liabilities. The balance due to PERS as of September 30, 2021 is $14,119.

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.

(8) Contingencies

The Commission operates a water and sewerage plant, which are 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.

(9) 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 $300 per month.

Joel Authement	$ 1,575
Herbert Bell	2,700
Anthony Darden	1,800
Thomas Ducote	3,000
Julius Hebert	675
Stephanie Milton	1,575
Camile Punch	3,450
Willie Scott	3,600
	$ 18,375

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. For the year ended September 30, 2021, the Commission's chief officer was Thomas Ducote until July 2021, receiving $3,000 in per diem payments. Willie Scott has been the Commission's chief officer since August 2021 and received $3,600 in per diem payments, $600 since becoming the chief officer.

(10) Related Party Activity

Parish of St. Mary ("Parish"):

The Commission collects garbage fees and mosquito charges on behalf of the Parish, the Commission's primary government. The Commission receives 4.333% of each month's collections for their services. The Commission is also billed by the Parish for its respective share of wastewater treated at the Parish's regional treatment facility. Of the $138,345 reported as amounts due to other governmental units at September 30, 2021, $110,446 is due to the Parish.

(11) Intergovernmental Agreement

On March 1, 1995, the Commission (through the abolished Sewerage District No. 9 of the Parish of St. Mary) entered into an agreement with the Sovereign Nation of the Chitimacha (Chitimacha Tribe of Louisiana) for the construction, operation and maintenance of sanitary sewerage collection and treatment facilities. The agreement is binding on the District and Tribe for a period of 40 years unless renewed upon mutual consent or terminated by agreement between the parties. The agreement provides that the District and the Tribe were each responsible for the construction, maintenance and operation of the non joint-service components that service their customers only. The District was and is responsible for the construction, administration, operation, and maintenance of the joint service components. The costs associated with the construction of the sewer treatment facility was shared equally by the District and the Tribe up to $425,000 each. The Tribe contributed a lump sum amount of $35,000 as its share of costs related to the construction of other joint service components such as regional pump stations and regional force mains to be constructed under the agreement and that may be constructed in the future over an anticipated 20 year period. For the treatment facility and the other joint service components, ownership shall vest to the District and the Tribe in relation of their cost contribution in proportion to the total costs of the construction.

Subject to the direction of the Management Committee, made up of one representative from the District and one from the Tribe, the District shall be responsible for the proper physical operation and maintenance of all joint service components constructed under the agreement. The District shall determine, establish, and institute an equitable system of user charges for the users of the facilities for the payment of the necessary costs of operation and maintenance of the joint service components. The Tribe shall, on a monthly basis, pay to the District their pro-rata share of the costs of operating and maintaining the joint service components. The pro-rata share of the costs shall be determined based on the proportionate burden placed on the facility by the sewer customers of each of the parties as indicated by flow measurements. The District shall pay all costs of operation and maintenance of the facility as they become due and payable and shall submit to the Tribe, monthly, following such payment, an itemized statement showing such costs.

(12) 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, 2021, 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, 2021, $548,833 of the Commission's ad valorem tax revenues were abated by other governments through ITEP.

(13) New Accounting Pronouncement

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

GASB Statement No. 87, *Leases*

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

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The provisions of GASB Statement No. 89 are effective for fiscal years beginning after December 15, 2020. The effect of implementation on the Commission's financial statements has not yet been determined.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

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

Plan Year Ended Dec. 31	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/Asset
2014	0.590839%	$ 1,641	513,227	0.32%	99.89%
2015	0.609904%	$ 108,591	512,135	21.20%	93.48%
2016	0.595456%	$ 77,354	593,188	13.04%	95.50%
2017	0.542440%	$ (68,250)	572,547	-11.92%	104.02%
2018	0.631072%	$ 170,494	658,637	25.89%	91.93%
2019	0.547931%	$ (39,641)	595,804	-6.65%	102.05%
2020	0.538516%	$ (138,251)	616,772	-22.42%	106.76%

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. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Schedule of Employer Contributions
Year Ended September 30, 2021

Fiscal Year Ended Sept. 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	$ 53,893	$ 53,893	$ -	$ 512,135	10.52%
2016	$ 47,455	$ 47,455	$ -	$ 593,188	8.00%
2017	$ 44,868	$ 44,868	$ -	$ 560,836	8.00%
2018	$ 48,203	$ 48,203	$ -	$ 631,653	7.63%
2019	$ 46,960	$ 46,960	$ -	$ 626,130	7.50%
2020	$ 45,205	$ 45,205	$ -	$ 602,729	7.50%
2021	$ 52,419	$ 52,419	$ -	$ 698,925	7.50%

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.

Note to Retirement System Schedules
Year Ended September 30, 2021

Parochial Employees' Retirement System

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

Changes of assumptions –

Plan Year ended December 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2014	7.25%	7.25%	3.00%	4	5.75%
2015	7.00%	7.00%	2.50%	4	5.25%
2016	7.00%	7.00%	2.50%	4	5.25%
2017	6.75%	6.75%	2.50%	4	5.25%
2018	6.50%	6.50%	2.40%	4	4.25%
2019	6.50%	6.50%	2.40%	4	4.25%
2020	6.40%	6.40%	2.30%	4	4.25%

OTHER SUPPLEMENTARY INFORMATION

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Statement of Net Position
September 30, 2021
With Comparative Totals as of September 30, 2020

	2021	2020
ASSETS		
Current assets:		
Cash and interest-bearing deposits	$ 573,569	$ 684,980
Receivables:		
Accounts receivable, net	602,591	656,248
Due from other governments	45,630	-
Prepaid expenses	28,402	25,966
Total current assets	1,250,192	1,367,194
Noncurrent assets:		
Restricted assets:		
Cash and interest-bearing deposits	1,372,535	1,667,099
Capital assets:		
Land and construction in progress	114,288	281,292
Other, net of accumulated depreciation	9,027,998	7,119,955
Other assets:		
Net pension asset	138,251	39,641
Total noncurrent assets	10,653,072	9,107,987
Total assets	11,903,264	10,475,181
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to net pension liability	71,417	57,874
Total assets and deferred outflows of resources	$ 11,974,681	$ 10,533,055

(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Statement of Net Position (continued)
September 30, 2021
With Comparative Totals as of September 30, 2020

	2021	2020
LIABILITIES		
Current liabilities:		
Accounts payable	$ 8,816	$ 121,305
Accrued liabilities	13,202	39,015
Due to other governmental units	138,345	163,988
Payable from restricted assets:		
Current maturities of bonds payable	444,229	431,240
Refundable deposits	188,568	183,827
Total current liabilities	793,160	939,375
Noncurrent liabilities:		
Bonds payable	3,513,011	3,958,724
Compensated absences	106,155	106,155
Total noncurrent liabilities	3,619,166	4,064,879
Total liabilities	4,412,326	5,004,254
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to net pension liability	170,735	104,352
NET POSITION		
Net investment in capital assets	5,310,277	3,410,752
Restricted for debt service	614,507	652,563
Unrestricted	1,466,836	1,361,134
Total net position	7,391,620	5,424,449
Total liabilities, deferred inflows of resources, and net position	$ 11,974,681	$ 10,533,055

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Statement of Revenues, Expenses and Changes in Fund Net Position
Year Ended September 30, 2021
With Comparative Totals for the Year Ended September 30, 2020

	2021	2020
OPERATING REVENUES		
Water sales	$ 1,363,385	$ 1,423,462
Sewer user and inspection fees	339,431	318,254
Commissions and fees for services	51,800	52,071
Other	8,163	7,641
Total operating revenues	1,762,779	1,801,428
OPERATING EXPENSES		
Salaries and related benefits	758,041	751,183
Supplies and materials	9,378	10,841
Operation and maintenance	704,706	672,541
Other services and charges	154,641	147,780
Plant operation	394,183	335,022
Bad debt expense	-	50,258
Depreciation	928,047	913,262
Total operating expenses	2,948,996	2,880,887
Operating loss	(1,186,217)	(1,079,459)
NONOPERATING REVENUES (EXPENSES)		
Ad valorem taxes, net	941,833	887,274
Bond interest and fiscal charges	(149,761)	(152,594)
Interest income	4,510	12,783
Miscellaneous income	37,499	44,164
Total nonoperating revenue (expense)	834,081	791,627
Loss before capital contribution	(352,136)	(287,832)
Capital contribution	2,319,307	-
Change in net position	1,967,171	(287,832)
NET POSITION, beginning	5,424,449	5,712,281
NET POSITION, ending	$ 7,391,620	$ 5,424,449

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Statement of Cash Flows
September 30, 2021
With Comparative Totals for the Year Ended September 30, 2020

	2021	2020
OPERATING ACTIVITIES		
Revenue collected	$ 1,808,273	$ 1,651,048
Payments for goods and services	(1,429,289)	(1,140,641)
Payments to employees	(795,648)	(715,410)
Net cash used by operating activities	(416,664)	(205,003)
NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous receipts	42,240	48,042
Taxes received	896,203	887,274
Net cash provided by noncapital financing activities	938,443	935,316
CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(349,779)	(330,079)
Interest and fiscal charges paid	(136,772)	(138,937)
Principal payments on bonds	(445,713)	(431,247)
Net cash used by capital and related financing activities	(932,264)	(900,263)
INVESTING ACTIVITIES		
Interest received	4,510	12,783
Net increase (decrease) in cash and cash equivalents	(405,975)	(157,167)
Cash and cash equivalents, beginning	2,352,079	2,509,246
Cash and cash equivalents, ending	$ 1,946,104	$ 2,352,079

(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Statement of Cash Flows (continued)
September 30, 2021
With Comparative Totals for the Year Ended September 30, 2020

	2021	2020
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (1,186,217)	$ (1,079,459)
Adjustments to reconcile operating income to net cash provided (used) by operating activities-		
Depreciation	928,047	913,262
Pension expense, net of nonemployer contributions	(45,770)	(3,768)
Changes in assets and liabilities:		
Receivables	53,657	(92,481)
Prepaid expenses and other assets	(2,436)	(4)
Accounts payable	(112,489)	66,625
Retainage payable	-	(22,785)
Accrued liabilities	(25,813)	29,560
Due to other governmental entities	(25,643)	(15,953)
Net cash used by operating activities	$ (416,664)	$ (205,003)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Balance Sheet By Utility
September 30, 2021

	Water	Sewer
ASSETS		
Current assets:		
Cash and interest-bearing deposits	$ 573,569	$ -
Accounts receivable, net	602,591	-
Due from other governments	45,630	-
Prepaid expenses	28,402	-
Total current assets	1,250,192	-
Noncurrent assets:		
Restricted assets:		
Cash and interest-bearing deposits	1,241,487	131,048
Capital assets:		
Land and construction in progress	114,288	-
Other, net of accumulated depreciation	6,767,346	2,260,652
Other assets:		
Net pension asset	138,251	-
Total noncurrent assets	8,261,372	2,391,700
Total assets	9,511,564	2,391,700
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outlfows related to net pension liability	71,417	-
Total assets and deferred outflows of resources	9,582,981	2,391,700

(continued)

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Balance Sheet by Utility (continued)
September 30, 2021

	Water	Sewer
LIABILITIES		
Current liabilities:		
Accounts payable	$ 8,816	$ -
Accrued liabilities	13,202	-
Due to other governmental units	138,345	-
Payable from restricted assets:		
Current maturities of bonds payable	419,236	24,993
Refundable deposits	188,568	-
Total current liabilities	768,167	24,993
Noncurrent liabilities:		
Bonds payable	2,768,880	744,131
Compensated absences	106,155	-
Total noncurrent liabilities	2,875,035	744,131
Total liabilities	3,643,202	769,124
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to net pension liability	170,735	-
NET POSITION		
Net investment in capital assets	3,818,749	1,491,528
Restricted for debt service	508,452	106,055
Unrestricted	1,441,843	24,993
Total net position	5,769,044	1,622,576
Total liabilities, deferred inflows of resources, and net position	$ 9,582,981	$ 2,391,700

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

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

	Water	Sewer
OPERATING REVENUES		
Water sales	$ 1,363,385	$ -
Sewer user and inspection fees	-	339,431
Commission and fees for services	41,474	10,326
Other	6,536	1,627
Total operating revenues	1,411,395	351,384
OPERATING EXPENSES		
Salaries and related benefits	606,937	151,104
Supplies and materials	7,509	1,869
Operation and maintenance	564,233	140,473
Other services and charges	123,816	30,825
Plant operation	315,608	78,575
Depreciation	503,103	424,944
Total operating expenses	2,121,206	827,790
Operating loss	(709,811)	(476,406)
NONOPERATING REVENUES (EXPENSES)		
Ad valorem taxes, net	754,093	187,740
Bond interest and fiscal charges	(114,547)	(35,214)
Interest income	3,611	899
Miscellaneous income	30,024	7,475
Total nonoperating revenues (expenses)	673,181	160,900
Income (Loss) before capital contribution	(36,630)	(315,506)
Capital contribution	2,319,307	-
Change in net position	2,282,677	(315,506)
NET POSITION, beginning	3,486,367	1,938,082
NET POSITION, ending	$ 5,769,044	$ 1,622,576

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Schedule of Number of Customers
September 30, 2021

Records maintained by the Commission indicate the following number of residential and non-residential water customers were being served during the month of September 2021 were as follows:

	Water	Sewer
Residential	2,205	889
Non-residential	179	56
Total	2,384	945

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Schedule of Insurance in Force
September 30, 2021

Description of Coverage	Expiration Date	Coverage Amounts	
General Liability	2/25/2022	$	300,000.00
Surety Bonds-			
Blanket coverage of Board of Directors	2/25/2022	$	60,000
Public Officials and Employees	2/25/2022	$	3,000,000
Employee Theft	2/25/2022		$50,000 per Loss
Real and Personal Property	2/25/2022		Replacement Cost

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Schedule of Aged Accounts
September 30, 2021

Aged receivables were as follows at September 30, 2021:

Under 30 days	$ 102,687
31 to 60 days	34,121
61 to 90 days	21,614
91 to 120 days	30,260
Over 120 days	623,695
Subtotal	812,377
Allowance for doubtful accounts	(260,107)
Accrual for unbilled receivables	50,321
Total receivables	$ 602,591

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

Schedule of Water and Sewer Rates
September 30, 2021

Water and sewer charge rates for residential and non-residential customers of the Commission are as follows:

Residential and non-residential:

Water rates:
$14.50 per month for the first 2,000 gallons
$3.65 per thousand or part thereof over 2,000 gallons

Sewer rates:
$14.23 per month for the first 2,000 gallons
$3.21 per thousand or part thereof over 2,000 gallons

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

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

The Board of Commissioners
St. Mary Parish Water and Sewer Commission No. 4
Charenton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Mary Parish Water and Sewer Commission No. 4 (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 30, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 2021-001 and 2021-002.

Compliance and Other Matters

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

Commission's Response to Findings

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

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 30, 2022

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

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

Part I. Summary of auditor's results:

Financial Statements

1. Type of opinion issued on the financial statements				Unmodified
2. Internal control over financial reporting:				
Material weakness(es) identified?	✓	yes		no
Significant deficiency(ies) identified?		yes	✓	none reported
3. Noncompliance material to the financial statements?		yes	✓	no

Other

4. Management letter issued?		yes	✓	no

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

A. Internal Control

2021-001 - Segregation of Duties

Year Initially Occurring: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

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

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

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

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

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

Year Initially Occurring: Unknown

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

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

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

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

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

B. Compliance and Other Matters

No matters are reported.

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

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

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

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

A. Internal Control-

2020-001 - Segregation of Duties:

CONDITION: Accounting and financial functions are not adequately segregated.

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 2021-001.

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

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

RECOMMENDATION: Due to the size of the operation and the cost-benefit of hiring additional personnel, it may not be economically feasible to achieve the desired benefit.

CURRENT STATUS: See schedule of audit results and findings item 2021-002.

ST. MARY PARISH WATER AND SEWER COMMISSION NO. 4
Charenton, Louisiana

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

2021-001 - Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

2021-002 - Financial Reporting

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

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