ST. MARY PARISH WARDS 5 AND 8
JOINT SEWER COMMISSION

Patterson, Louisiana

Financial Report

Year Ended September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
St. Mary Parish Wards 5 and 8 Joint Sewer Commission
Patterson, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of St. Mary Parish Wards 5 and 8 Joint Sewer Commission (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that certain information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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, schedule of employer pension contributions, or note to retirement system schedules 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

Management is responsible for the other information included in the annual report. The other information comprises the schedule of insurance in force but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2024, 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 22, 2024

BASIC FINANCIAL STATEMENTS

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

Statement of Net Position
September 30, 2023

ASSETS

Current assets	
Cash and cash equivalents	$ 221,722
Investments	459,237
Due from other governments	243,815
Prepaid insurance	25,106
Total current assets	949,880
Noncurrent assets	
Capital assets:	
Construction in progress	28,802
Capital assets, net of accumulated depreciation	826,927
Other assets:	
Deposits	2,402
Total noncurrent assets	858,131
Total assets	1,808,011

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to net pension liability	49,055
Total assets and deferred outflows of resources	1,857,066

(continued)

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

Statement of Net Position (continued)
September 30, 2023

LIABILITIES

Current liabilities	
Accounts payable	24,233
Accrued liabilities	7,661
Total current liabilities	31,894
Noncurrent liabilities	
Net pension liability	36,059
Total liabilities	67,953

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to net pension liability	4,147

NET POSITION

Net investment in capital assets	855,729
Unrestricted	929,237
Total net position	$ 1,784,966

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

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

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

Operating revenues	
Charges for services	$ 1,269,547
Other	873
Total operating revenues	1,270,420
Operating expenses	
Alarms	8,140
Board meeting per diem	3,600
Chemicals	50,901
Contract labor	5,005
Depreciation	100,183
Engineering	24,942
Insurance	58,881
Lab fees	24,358
Legal and accounting	19,760
Miscellaneous	4,724
Repairs and maintenance	307,938
Retirement	15,748
Salaries	83,416
Supplies	972
Taxes - payroll	2,590
Telephone	2,903
Truck and fuel	7,016
Uniforms	8,544
Utilities	265,882
Total operating expenses	995,503
Operating income	274,917
Non-operating revenues (expenses)	
Miscellaneous	2
Interest income	13,969
Loss on disposal of assets	(4,743)
Net non-operating revenues	9,228
Change in net position	284,145
Net position, beginning	1,500,821
Net position, ending	$ 1,784,966

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

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

Statement of Cash Flows
Year Ended September 30, 2023

Cash flows from operating activities	
Received from participants and other governments	$ 1,151,703
Paid to suppliers	(834,150)
Paid to and for employees	(94,655)
Net cash provided by operating activities	222,898
Cash flows from capital and related financing activities	
Acquisition of capital assets	(90,066)
Loss on disposal of assets	(4,743)
Net cash used by capital and related financing activities	(94,809)
Cash flows from investing activities	
Purchase of investments	(459,237)
Other receipts	2
Interest received	13,969
Net cash used by investing activities	(445,266)
Net change in cash and cash equivalents	(317,177)
Cash and cash equivalents, beginning	538,899
Cash and cash equivalents, ending	$ 221,722
Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 274,917
Adjustments to reconcile operating income to net cash used by operating activities	
Depreciation	100,183
Pension benefit and nonemployer contributions	6,226
Changes in assets and liabilities -	
Due from other governments	(117,844)
Claims payable	(20,000)
Accounts payable	(20,809)
Accrued liabilities	225
Net cash provided by operating activities	$ 222,898

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

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The St. Mary Parish Wards 5 and 8 Joint Sewer Commission (the "Commission") was established in May 1984 by an intergovernmental agreement between the participants, the Town of Berwick, the City of Patterson, St. Mary Parish Sewerage District No. 2, and the St. Mary Parish Government. The Commission's sole responsibility and duty is to maintain, operate, and administer the sewerage treatment facility that is jointly owned by the participants.

During the year ended September 30, 1995, the St. Mary Parish Government entered into an agreement to transfer their ownership interest in the sewerage treatment facility to two of the Parish Government's component units, St. Mary Parish Sewerage District No. 2 and St. Mary Parish Sewerage District No. 8. In October 2000, the St. Mary Parish Council combined St. Mary Parish Sewerage District No. 2 and St. Mary Parish Waterworks District No. 2 to create St. Mary Parish Water and Sewer Commission No. 2. During the year ended September 30, 2018, the St. Mary Parish Council consolidated St. Mary Parish Sewerage District No. 8 into the newly created St. Mary Parish Water and Sewer Commission No. 3 and abolished St. Mary Parish Sewerage District No. 8. The following components of the Parish of St. Mary and governmental entities are currently participants in and fund the operation of the Commission:

- City of Patterson
- Town of Berwick
- St. Mary Parish Water and Sewer Commission No. 2
- St. Mary Parish Water and Sewer Commission No. 3
- St. Mary Parish Government

A. Reporting Entity

As the governing authority of the parish, for financial reporting purposes the St. Mary Parish Government is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Government Accounting Standards Board (GASB) 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 criterion includes:

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

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

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Council appoints a voting majority of the Commission's governing body, the Commission was determined to be a component unit of the Parish of St. Mary, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation

The accompanying financial statements of the Commission have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Fund Financial Statements

The accounts of the Commission are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The proprietary fund is maintained consistent with legal and managerial requirements.

Proprietary Funds –

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of changes in net position, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The two types of proprietary funds are enterprise and internal service funds. The Commission's fund is an 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 external users 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

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

Measurement Focus

Enterprise fund activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Enterprise fund equity is classified as net position.

Basis of Accounting

Enterprise funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

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

Receivables

Receivables consist of all revenues earned at year-end and not yet received.

Prepaid items

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

Capital assets

Capital assets, which include property, plant and equipment, are reported in the statement of net position. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded at acquisition value at the date of the donation. The Commission maintains a threshold level of $1,500 for capitalizing assets.

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

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

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

Buildings and improvements	10-25 years
Equipment	7-15 years
Vehicles	5-10 years

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

Compensated absences

The Commission currently employs two full-time employees. The employees earn vacation and sick leave benefits based on length of service. Sick leave does not accumulate and is not payable upon termination. Unused vacation leave shall be paid at the termination of employment, whether by retirement or separation, in accordance with the Commission's policy. Accumulated vacation, sick leave and compensatory time are recorded as an expense of the period in which it is paid.

Deferred outflows of resources and deferred inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. The Commission reported deferred outflows of resources related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until then. The Commission reported deferred inflows of resources related to pensions.

Pensions

For purposes of measuring the net pension liability/asset, 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.

Equity classifications

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

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

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

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

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

E. Revenues and Expenses

The Commission uses the following practices in recording certain revenues and expenses:

Revenues

Charges for sewerage service are based upon usage and are recorded as revenues and receivables in the month the service is provided. Investment earnings are recorded when earned.

Expenses

Expenses are recognized in the period that the liabilities are incurred.

F. Budgets

The Commission is not legally required to and does not adopt a budget.

G. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Commission may invest in certificates and time deposits of state banks having principal offices in Louisiana. At September 30, 2023, the Commission had cash and interest-bearing deposits (book balances) totaling $221,722.

Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Commission or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2023, deposit balances (bank balances) totaling $277,196 were fully secured by federal deposit insurance.

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 has not formally adopted policies that limit allowable deposits or investments and address the specific type of risk to which the Commission is exposed. The Commission does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2023, no deposits were exposed to custodial credit risk.

(3) Investments

State law allows the investment in direct United States Treasury obligations; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. Government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book entry only securities guaranteed by the U.S. Government; time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks; certain account of federally of state chartered credit unions; certain mutual or trust fund institutions; certain guaranteed investment contracts; and investment grade commercial paper of domestic United States corporation.

As of September 30, 2023, the Commission had the following investments and maturities (in years):

Investment Type	Fair Value	Less than 1
LAMP	$ 459,237	$ 459,237

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Commission will not be able to recover the value of its investment. The Commission does not have an investment policy that conforms to state law, as described above, for custodial risk.

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission does not have an investment policy that conforms to state law that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is defined as the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The types of investments allowed by state law ensure that the Commission is not exposed to credit risk.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with R.S. 33:2955. Separately issued financial statements for LAMP is available at www.lamppool.com.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: LAMP is rated AAAm by Standard & Poor's. Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 60 days as of September 30, 2023.

- Foreign currency risk: Not applicable to 2a7-like pools.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Fair Value Measurements

To the extent available, the Commission's investments are recorded at fair value as of September 30, 2023. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Commission measures its investments using fair value guidelines established by GASB 72, which recognizes a three-tiered fair value hierarchy as follows:

Level 1-quoted prices for identical investments in active markets
Level 2-observable inputs other than quoted market prices
Level 3-unobservable inputs

The Commission's investments in LAMP are measured using observable inputs other than quoted market prices (Level 2 inputs). The investments in LAMP are valued using quoted market prices of the underlying investment of LAMP on a weekly basis and the value of the position in the external pool is the same as the net asset value of the pool shares.

(4) Due from other Governmental Units

Due from other governmental units are amounts due from each participant for unpaid user fees of the sewerage system and reimbursements of expenses from other governmental units.

At September 30, 2023, amounts due from other governmental units consisted of the following:

Sewer treatment charges:	
City of Patterson	$ 153,026
Town of Berwick	39,980
St. Mary Parish Water and Sewer Commission No. 2	31,614
St. Mary Parish Water and Sewer Commission No. 3	19,195
Total due from other governments	$ 243,815

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(5) Capital Assets

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

	Balance 10/1/2022	Additions	Deletions	Balance 9/30/2023
Capital assets not being depreciated				
Construction in progress	$ 28,802	$ -	$ -	$ 28,802
Capital assets being depreciated				
Buildings	638,772	-	(1,352)	637,420
Equipment	756,385	-	(250,946)	505,439
Vehicles	58,715	75,450	(23,097)	111,068
Improvements	1,561,960	19,360	(92,190)	1,489,130
Total other capital assets, at cost	3,015,832	94,810	(367,585)	2,743,057
Less accumulated depreciation for				
Buildings	281,479	26,554	(1,352)	306,681
Equipment	642,169	21,212	(247,851)	415,530
Vehicles	56,365	3,008	(23,097)	36,276
Improvements	1,198,776	49,409	(90,542)	1,157,643
Total accumulated depreciation	2,178,789	100,183	(362,842)	1,916,130
Total capital assets being depreciated, net	837,043	(5,373)	(4,743)	826,927
Capital assets, net	$ 865,845	$ (5,373)	$ (4,743)	$ 855,729

Depreciation expense for the year ended September 30, 2022 was $100,183.

(6) Pension Plan

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

The Commission's eligible employee is covered under the Parochial Employees' Retirement System of Louisiana. Details concerning the plan are:

Plan Description: The Parochial Employees' Retirement System of Louisiana (PERS) is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. PERS was established and provided for by RS 11:1901 of the Louisiana Revised Statute (LRS).

PERS provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the state which does not have its own retirement system and which elects to become members of PERS.

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, 2022, the actuarially determined contribution rate was 7.10% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2022 was 11.50% for Plan A.

According to state statute, PERS also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. During the year ended September 30, 2023, the Commission recognized revenue as a result of support received from non-employer contributing entities of $873 for its participation in PERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At September 30, 2023, the Commission reported liabilities in its financial statements of $36,059 for its proportionate share of the net pension liability of PERS. The net pension asset was measured as of December 31, 2022 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 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, 2022, the Commission’s proportional share of PERS was 0.009369%, which was a decrease of 0.001989% from its proportion measured as of December 31, 2021.

For the year ended September 30, 2023, the Commission recognized a pension expense of $15,748 in its activities.

At September 30, 2023, 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	$ 1,333	$ 3,973
Changes of assumptions	1,151	-
Net difference between projected and actual earnings on pension plan investments	38,067	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,617	174
Employer contributions subsequent to the measurement date	6,887	-
	$ 49,055	$ 4,147

Deferred outflows of resources of $6,887 resulting from the Commission's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability/asset 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	
2024	1,924
2025	6,482
2026	12,563
2027	17,052
	$ 38,021

Actuarial Assumptions

The net pension liability was measured as the portion of the present value of projected benefits payments 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.

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A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2023 are as follows:

	Parochial Employees' Retirement System of Louisiana Plan A
Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions: Investment Rate of Return	6.40%, 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	2.30%

The discount rate used to measure the total pension liability was 6.40% for Plan A, which was unchanged 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 A, which was the same 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 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.70% for the year ended December 31, 2022.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of December 31, 2022 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate Of Return
Fixed Income	33%	1.17%
Equity	51%	3.58%
Alternatives	14%	0.73%
Real assets	2%	0.12%
Totals	100%	5.60%
Inflation		2.10%
Expected Arithmetic Nominal Return		7.70%

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 or one percentage point higher than the current rate.

	Changes in Discount Rate		
	1% Decrease 5.40%	Current Discount Rate 6.40%	1% Increase 7.40%
Net Pension Liability	$ 89,176	$ 36,059	$ (8,472)

Payables to the Pension Plan

The Commission recorded no accrued liabilities related to the pension plan for the year ended September 30, 2023.

Pension Plan Fiduciary Net Positions

Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial report for the System available at www.persla.com.

(7) Sewerage Fees

In order to defray the cost of maintaining the system, the Commission charges each participant $3.60 per thousand gallons of water consumed by each participant’s water customers. The Commission has set aside $0.45 of each $3.60 charged in a money market account specifically for any repairs paid by the Commission. The remaining $3.15 is used to fund the Commission’s operating expenses. At September 30, 2023, the balance in the repair and replacement money market account was $62,086.

(8) Related Party Transactions

The Commission charges its participants, all of which are governmental entities, for sewerage service based upon usage. All of the Commission's participants are related parties. During the year ended September 30, 2023, the Commission recorded, as charges for services, the following from related parties:

City of Patterson	$ 381,088
Town of Berwick	376,912
St. Mary Parish Water and Sewer Commission No. 2	310,068
St. Mary Parish Water and Sewer Commission No. 3	179,835
St. Mary Parish Government	21,644
Total related party revenue	$ 1,269,547

(9) Compensation and Other Payments to Board Members

Compensation and other payments to board members for the year ended September 30, 2023, are as follows:

Board members:	
Rafael Lopez	$ 720
Michael Stewart	720
Gary Beadle	720
Joe Walker	720
Chris Cooper	720
	$ 3,600

Act 706 of the Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. 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 September 30, 2023, the Commission's chief officer, Rafael Lopez, received $720 in per diem payments.

(10) Risk Management

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

(11) New Accounting Pronouncements

The following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the Commission's financial report:

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of Employer’s Share of Net Pension Liability/Asset
Year Ended September 30, 2023

Plan Year Ended Dec 31,	Employer Proportion of the Net Pension Liability/ Asset	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/Asset
2014	0.011699%	$ 3,199	66,446	4.81%	99.15%
2015	0.009329%	$ 24,557	71,745	34.23%	92.23%
2016	0.011712%	$ 24,121	69,458	34.73%	94.15%
2017	0.012122%	$ (8,998)	74,619	-12.06%	101.98%
2018	0.011763%	$ 52,208	70,415	74.14%	88.86%
2019	0.010720%	$ 505	68,013	0.74%	99.89%
2020	0.011748%	$ (20,599)	78,469	-26.25%	104.00%
2021	0.011358%	$ (53,501)	76,203	-70.21%	110.46%
2022	0.009369%	$ 36,059	63,555	56.74%	91.74%

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

See independent auditor's report and note to required supplementary information.

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

Schedule of Employer Pension Contributions
Year Ended September 30, 2023

Fiscal Year Ended Sept 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2015	$ 10,677	$ 10,677	$ -	$ 71,745	14.88%
2016	$ 9,616	$ 9,616	$ -	$ 71,957	13.36%
2017	$ 9,205	$ 9,205	$ -	$ 92,990	9.90%
2018	$ 8,442	$ 8,442	$ -	$ 71,859	11.75%
2019	$ 7,845	$ 7,845	$ -	$ 68,221	11.50%
2020	$ 8,868	$ 8,868	$ -	$ 73,378	12.09%
2021	$ 9,427	$ 9,427	$ -	$ 76,957	12.25%
2022	$ 8,053	$ 8,053	$ -	$ 68,695	11.72%
2023	$ 8,650	$ 8,650	$ -	$ 75,214	11.50%

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

See independent auditor's report and note to required supplementary information.

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

Note to Retirement System Schedules
Year Ended September 30, 2023

Parochial Employees' Retirement System

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

Changes of assumptions –

Plan Year ended December 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2014	7.25%	7.25%	3.00%	4	5.75%
2015	7.00%	7.00%	2.50%	4	5.25%
2016	7.00%	7.00%	2.50%	4	5.25%
2017	6.75%	6.75%	2.50%	4	5.25%
2018	6.50%	6.50%	2.40%	4	4.75%
2019	6.50%	6.50%	2.40%	4	4.75%
2020	6.40%	6.40%	2.30%	4	4.75%
2021	6.40%	6.40%	2.30%	4	4.75%
2022	6.40%	6.40%	2.30%	4	4.75%

OTHER INFORMATION

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

Schedule of Insurance in Force
Year Ended September 30, 2023

Insurer	Type of Coverage	Coverage		Exp Date
American Alternative Insurance Company	Public officials and management liability	Each wrongful act or offense	$ 1,000,000	7/2/2024
		Aggregate	3,000,000	
American Alternative Insurance Company	Cyber Liability	Each event	1,000,000	7/2/2024
	Privacy Crisis	Each event	50,000	
	Cyber Extortion	Each threat	20,000	
	Privacy Crisis	Aggregate	50,000	
American Alternative Insurance Company	Auto	Combined	1,000,000	7/2/2024
LWCC Insurance Company	Worker's compensation	Each accident	1,000,000	7/2/2024
		Aggregate	1,000,000	
American Alternative Insurance Company	General liability	Aggregate	3,000,000	7/2/2024
		Each occurrence	1,000,000	
American Alternative Insurance Company	Commercial umbrella	Aggregate	1,000,000	7/2/2024
		Each occurrence	1,000,000	

See independent auditor's report.

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 Wards 5 and 8 Joint Sewer Commission
Patterson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Mary Parish Wards 5 and 8 Joint Sewer Commission, (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 22, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions 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

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

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 22, 2024

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

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

A. Internal Control –

2022-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CURRENT STATUS: This finding has not been resolved and will be reiterated. See finding 2023-001.

2022-002 – 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.

CURRENT STATUS: This finding has not been resolved and will be reiterated. See finding 2023-002.

B. Compliance –

No matters were reported.

C. Management Letter –

Not issued in prior year.

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

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

Part I. Summary of auditor's results:

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

2023-001 - Segregation of Duties

Year Initially Occurring: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

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

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

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

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

2023-002 - Financial Reporting (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

No findings are reported under this section.

Part III. <u>Findings and questioned costs reported in accordance with the Uniform Guidance</u>

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

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

Corrective Action Plan for Current Audit Findings
Year Ended September 30, 2023

2023-001 - 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.

2023-002 - 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.

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.

ST. MARY PARISH WARD 5 AND 8
JOINT SEWER COMMISSION

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2022 through September 30, 2023

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

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

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2022 through September 30, 2023. The management of the St. Mary Parish Wards 5 and 8 Joint Sewer Commission (hereinafter "Commission") is responsible for those control and compliance areas identified in the SAUPs.

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

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

1) Written Policies and Procedures

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

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

The Commission does not have any written policies and procedures for preparing, monitoring, and amending the budget.

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

The Commission does not have any written policies and procedures for purchasing.

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

The Commission does not have any written policies and procedures for disbursements.

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

The Commission does not have any written policies and procedures for receipts/collections.

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

Written policies and procedures obtained from St. Mary Parish Personnel Policy and address the subcategories noted above.

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

The Commission has no policies and procedures for contracting.

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

Written policies and procedures were obtained from St. Mary Parish Policy and address the subcategories noted above, with the exception of (2) dollar thresholds by category of expense.

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

The Commission does not have any written policies and procedures for credit cards.

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

The Commission does not have any written policies and procedures for ethics.

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

The Commission does not have any written policies and procedures for debt service.

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

The Commission does not have any written policies and procedures for information technology disaster recovery/business continuity.

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

Written policies and procedures were obtained from St. Mary Parish Policy and address the subcategories noted above, with the exception of (2) annual employee training and (3) annual reporting.

2) Board or Finance Committee

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

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

No exceptions as a result of this procedure.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.

Not applicable -- Proprietary funds are not required by the Local Government Budget Act to adopt a formal budget, and the Commission has not adopted a formal budget.

iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable – The Commission operated as an Enterprise Fund, which funds are reported on the full accrual basis and do not present fund balance.

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

Not applicable – no prior audit findings requiring corrective action observed.

3) Bank Reconciliations

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

Obtained a listing of bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the main operating account, and two (2) additional accounts were selected. Obtained and inspected the corresponding bank statements and reconciliations for each account.

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

No exceptions as a result of this procedure.

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

Bank reconciliations didn't include evidence that a member of management has approved, i.e. no signature or initials provided.

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

Not applicable – no outstanding reconciling items exceeding 12 months observed.

4) Collections (excluding electronic funds transfers)

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

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

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

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

No exceptions were found as a result of this procedure.

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

The employee responsible for collecting cash is responsible for preparing/making bank deposits and is also responsible for reconciling ledger postings to each other and to the deposit.

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

The employee responsible for collecting cash is responsible for posting collection entries to the general ledger and is also responsible for reconciling ledger postings to each other and to the deposit.

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

The employee responsible for reconciling cash collections to the general ledger is also responsible for collecting cash, and the reconciliation is not verified by another employee/official.

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

Management did not provide a copy of a bond or insurance policy for theft covering all employees who have access to cash.

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

i. Observe that receipts are sequentially pre-numbered.

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

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

No exceptions as a result of this procedure.

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

No exceptions as a result of this procedure.

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

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

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

No exceptions as a result of this procedure.

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

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

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

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

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

No exceptions as a result of this procedure.

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

Only one employee is involved in processing and approving payments to vendors.

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

The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

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

The employee who is responsible for processing payments mails the checks.

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

No exceptions as a result of this procedure.

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

Obtained the non-payroll disbursement population for the Commission's one location and management's representation that the population is complete. Randomly selected (5) disbursements and obtained supporting documentation for each transaction.

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

No invoice or supporting documentation for (1) one of the selected non-payroll disbursements therefore evidence of segregation duties could not be traced.

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

No exceptions as a result of this procedure.

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

Selected the only (2) two non-pay-roll-related electronic disbursements for the month selected in Bank Reconciliation procedure. For both electronic disbursements, no evidence of approval by only persons authorized to disburse funds and no evidence of approval by required number of authorized signers observed.

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

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

Obtained management's representation that there were no credit cards/debit cards/fuel cards/p-cards maintained during the fiscal period.

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

Not applicable – no credit/debit/fuel/p-cards were maintained.

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

Not applicable – no credit/debit/fuel/p-cards were maintained.

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

Not applicable – no credit/debit/fuel/p-cards were maintained.

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

Not applicable – no credit/debit/fuel/p-cards were maintained.

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

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

Obtained management's representation that there were no travel and travel related expense reimbursements during the fiscal period.

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

Not applicable – no travel and travel-related expense reimbursements.

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

Not applicable – no travel and travel-related expense reimbursements.

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

Not applicable – no travel and travel-related expense reimbursements.

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

Not applicable – no travel and travel-related expense reimbursements.

8) Contracts

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

Obtained management's representation that there were no agreements/contracts for professional services, materials and supplies, leases, and construction activities initiated or renewed during the fiscal period.

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

Not applicable – no agreements/contracts initiated or renewed.

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

Not applicable – no agreements/contracts initiated or renewed.

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

Not applicable – no agreements/contracts initiated or renewed.

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

Not applicable – no agreements/contracts initiated or renewed.

9) Payroll and Personnel

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

Obtained a listing of all employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected five (5) employees or officials and obtained and agreed paid salaries. However, personnel files did not include authorized salary/pay rates.

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No evidence of authorized salary/payrates are maintained by the Commission.

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

Obtained management's representation that there were no termination benefits paid during the fiscal period.

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

Obtained management's representation that all amounts have been paid, and any associated forms have been filed, by required deadlines.

10) *Ethics*

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

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

Documentation of ethics training was not provided for one (1) of the five (5) selected employees/officials.

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

The Commission has not adopted an ethics policy.

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

No exception as a result of this procedure.

11) Debt Service

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

Obtained management's representation that no bonds/notes or other debt instruments were issued during the fiscal period.

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

Obtained management's representation that no bonds/notes were outstanding at the end of the fiscal period.

12) Fraud Notice

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

Obtained management's representation that there were no misappropriations of public funds and assets during the fiscal period.

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

No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures:

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

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

Documentation of one hour training was not provided for two (2) of the five (5) selected employees/officials.

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

The Commission has not posted its sexual harassment policy and complaint procedure on its premises.

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

Annual report required by R.S. 42:344 was not compiled.

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

Not applicable – annual report was not compiled.

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

Not applicable – annual report was not compiled.

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

Not applicable – annual report was not compiled.

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

Not applicable – annual report was not compiled.

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

Not appliable – annual report was not compiled.

Management's Response

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

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 22, 2024