

**ST. MARY PARISH
CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
STATE OF LOUISIANA**

Annual Component Unit Financial Statements
with Independent Auditors' Report
and
Report on Internal Control Over Financial Reporting
and Compliance and Other Matters

For the Year Ended September 30, 2025

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
St. Mary Parish Consolidated Gravity
Drainage District No. 1
Franklin, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund and the respective budgetary comparison for the General Fund and Capital Maintenance Fund of St. Mary Parish Consolidated Gravity Drainage District No. 1 (the District), a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 2025, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and changes in financial position of the District, as of September 30, 2025, 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 District 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 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 District'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 judgement 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 District'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 District'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

Management 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.

Accounting principles generally accepted in the United States of America require that the Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), the Schedule of District's Contributions, 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 information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the District's financial statements. The accompanying Schedule of Compensation, Benefits, and Reimbursements to Agency Head, Political Subdivision Head, or Chief Executive Officer is presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 13, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 District's internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

Pitts + Matts

CERTIFIED PUBLIC ACCOUNTANTS

March 13, 2026
Morgan City, Louisiana

**ST. MARY PARISH
CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1**

**Statement of Net Position
September 30, 2025**

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current assets	
Cash and cash equivalents	\$ 2,079,473
Due from other governments	16,138
Prepaid insurance	51,052
Total current assets	<u>2,146,663</u>
Capital assets	
Land	8,600
Buildings and improvements, net of accumulated depreciation	18,620
Equipment, net of accumulated depreciation	651,558
Infrastructure - drainage, net of accumulated depreciation	1,648,149
Construction in progress	19,053
Total net capital assets	<u>2,345,980</u>
Net pension asset	60,016
Total assets	<u>4,552,659</u>
Deferred outflows of resources	
Deferred outflows related to pensions	96,772
Total assets and deferred outflows of resources	<u>\$ 4,649,431</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	\$ 63,822
Total current liabilities	<u>63,822</u>
Long-term liabilities	
Compensated absences	147,050
Total noncurrent liabilities	<u>147,050</u>
Total liabilities	<u>210,872</u>
Deferred inflows of resources	
Deferred inflows related to pension	51,341
Total liabilities and deferred inflows of resources	<u>262,213</u>
Net Position	
Net investment in capital assets	2,345,980
Restricted for Yokely Pump Station	17,553
Unrestricted	2,023,685
Total net position	<u>4,387,218</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,649,431</u>

The accompanying notes are an integral part of these financial statements.

**ST. MARY PARISH
CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1**

**Statement of Activities
For the Year Ended September 30, 2025**

<u>Expenses</u>	<u>Total</u>
Drainage	
Salaries, wages, and benefits	\$ 821,760
Pump operation and maintenance	522,910
Insurance	51,151
Truck expenses	53,076
Utilities	11,838
Interest	233
Miscellaneous	87,500
Depreciation expense	403,976
Pension expense	118,797
Total expenses	<u>2,071,241</u>
<u>General revenues</u>	
Ad valorem taxes	1,985,981
Investment income	36,415
Intergovernmental revenues	24,000
Nonemployer pension contributions	6,232
Other	341,462
Total general revenues	<u>2,394,090</u>
Change in net position	<u>322,849</u>
Net Position - beginning of year	<u>4,064,369</u>
Net Position - end of year	<u><u>\$ 4,387,218</u></u>

The accompanying notes are an integral part of these financial statements.

**ST. MARY PARISH
CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO.1**

**Balance Sheet
Governmental Funds
September 30, 2025**

	<u>General Fund</u>	<u>Capital Maintenance Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,054,126	\$ 25,347	\$ 2,079,473
Due from other governments	16,138		16,138
Due from Capital Maintenance	9,756		9,756
Prepaid Insurance	<u>49,090</u>	<u>1,962</u>	<u>51,052</u>
 Total assets	 <u>\$ 2,129,110</u>	 <u>\$ 27,309</u>	 <u>\$ 2,156,419</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	\$ 63,822	\$ -	\$ 63,822
Due to General Fund		<u>9,756</u>	<u>9,756</u>
 Total liabilities	 <u>63,822</u>	 <u>9,756</u>	 <u>73,578</u>
Fund balances:			
Unassigned	2,016,198		2,016,198
Nonspendable	49,090	1,962	51,052
Restricted for Yokely Pump Station		<u>15,591</u>	<u>15,591</u>
 Total fund balances	 <u>2,065,288</u>	 <u>17,553</u>	 <u>2,082,841</u>
 Total liabilities and fund balances	 <u>\$ 2,129,110</u>	 <u>\$ 27,309</u>	 <u>\$ 2,156,419</u>

Reconciliation of the total fund balance -- total governmental funds
to the net position of governmental activities:

Total fund balance - Governmental Funds		\$ 2,082,841	
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.			2,345,980
Noncurrent liabilities are not due and payable in the current period and, noncurrent assets are not collectible in the current period, therefore, they are not reported in the governmental fund balance sheet:			
Compensated absences	\$ 147,050		
Net pension liability (asset)	<u>(60,016)</u>		(87,034)
Deferred outflows and inflows of resources do not affect the current period and, therefore, they are not reported in the governmental fund balance sheet:			
Deferred outflows of resources related to pensions	96,772		
Deferred inflows of resources related to pensions	<u>(51,341)</u>		<u>45,431</u>
Net position of governmental activities			<u>\$ 4,387,218</u>

The accompanying notes are an integral part of these financial statements.

**ST. MARY PARISH
CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO.1**

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2025**

	General Fund	Capital Maintenance Fund	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 1,985,981	\$ -	\$ 1,985,981
Intergovernmental revenues	24,000		24,000
U.S. Army Corps of Engineers reimbursement	110,525		110,525
FEMA reimbursement	224,270		224,270
Investment income	36,415		36,415
Other		6,667	6,667
Total revenues	2,381,191	6,667	2,387,858
Expenditures			
Current operating			
Drainage			
Salaries and per diems	591,084		591,084
Personnel benefits	278,275		278,275
Pump operation and maintenance	522,260	650	522,910
Insurance	49,189	1,962	51,151
Truck expenditures	53,076		53,076
Utilities	11,838		11,838
Pension - ad valorem	62,598		62,598
Miscellaneous	87,500		87,500
Capital outlays	210,016		210,016
Long-term debt			
Payment of lease liability	14,443		14,443
Interest	233		233
Total expenditures	1,880,512	2,612	1,883,124
Excess (deficiency) of revenues over expenditures	500,679	4,055	504,734
Other financing sources (uses)			
Transfer in from other funds		3,333	3,333
Transfer out to other funds	(3,333)		(3,333)
Total other financing sources (uses)	(3,333)	3,333	-
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	497,346	7,388	504,734
Fund balance at beginning of year	1,567,942	10,165	1,578,107
Fund balance at end of year	\$ 2,065,288	\$ 17,553	\$ 2,082,841

Reconciliation of the changes in fund balances -- total governmental funds to the change in net position of governmental activities

Net change in fund balance - Governmental Funds \$ 504,734

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays meeting the District's Capitalization Policy in the current period (\$210,016) was exceeded by depreciation (\$403,976) (193,960)

Repayment of lease obligation is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net position.

Payments on lease 14,443

Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, are not reported in governmental funds as expenditures.

Compensated Absences (7,693)

Government funds report employer contributions to pension costs as expenditures. However, in the statement of activities , the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions subsequent to the measurement date	\$ 55,292	
Cost of benefits earned net of employee contributions	<u>(56,199)</u>	(907)

Some revenues reported in the statement of activities do not provide current financial resources in governmental funds

Non employer pension contributions 6,232

Change in net position of governmental activities \$ 322,849

The accompanying notes are an integral part of these financial statements.

**ST. MARY PARISH
CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO.1**

**Budgetary Comparison (Non-GAAP Basis) -
General Fund
For the Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Ad valorem taxes	\$ 1,805,000	\$ 1,920,438	\$ 1,985,981	\$ 65,543
Intergovernmental revenues	24,000	24,000	24,000	-
U.S. Army Corps of Engineers reimbursement	275,059	113,401	110,525	(2,876)
FEMA reimbursement	21,980	211,578	224,270	12,692
LWCC Dividend	25,369	15,987	15,987	-
Investment income	23,529	26,976	36,415	9,439
Other	6,500	3,334	-	(3,334)
	<u>2,181,437</u>	<u>2,315,714</u>	<u>2,397,178</u>	<u>81,464</u>
 <u>Expenditures</u>				
Current operating				
Drainage				
Salaries and Wages	656,827	572,267	591,084	(18,817)
Personnel Benefits	275,740	275,990	278,275	(2,285)
Pump operation and maintenance	271,156	658,790	522,260	136,530
Insurance	125,460	114,920	65,176	49,744
Truck expenditures	66,973	54,097	53,076	1,021
Utilities	10,726	15,498	11,838	3,660
Pension - ad valorem	-	-	62,598	(62,598)
Miscellaneous	96,089	97,446	87,500	9,946
Capital outlays	815,565	767,687	210,016	557,671
Transfer to Maintenance Fund	-	-	3,333	(3,333)
	<u>2,318,536</u>	<u>2,556,695</u>	<u>1,885,156</u>	<u>671,539</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(137,099)</u>	<u>(240,981)</u>	<u>512,022</u>	<u>753,003</u>
Fund balances, beginning of year	<u>1,574,679</u>	<u>1,574,679</u>	<u>1,567,942</u>	<u>(6,737)</u>
Fund balances, end of year	<u>\$ 1,437,580</u>	<u>\$ 1,333,698</u>	<u>\$ 2,079,964</u>	<u>\$ 746,266</u>

The accompanying notes are an integral part of these financial statements.

**St. Mary Parish
Consolidated Gravity Drainage District No. 1
Franklin, Louisiana**

**Budgetary Comparison (Non-GAAP Basis)
Capital Maintenance Fund
For the year ended September 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Revenues</u>				
City of Franklin	\$ 3,333	\$ -	\$ 3,333	\$ 3,333
St. Mary Parish Government	3,333	-	3,333	3,333
Transfer in from General Fund	3,334	6,667	3,334	(3,333)
	<u>10,000</u>	<u>6,667</u>	<u>10,000</u>	<u>3,333</u>
<u>Expenditures</u>				
Material & Repairs	3,000	2,500	650	1,850
Insurance-General	6,000	3,924	1,962	1,962
	<u>9,000</u>	<u>6,424</u>	<u>2,612</u>	<u>3,812</u>
Excess (deficiency) of revenues over expenditures	<u>1,000</u>	<u>243</u>	<u>7,388</u>	<u>7,145</u>
Fund balances, beginning of year	<u>15,364</u>	<u>10,165</u>	<u>10,165</u>	<u>-</u>
Fund balances, end of year	<u>\$ 16,364</u>	<u>\$ 10,408</u>	<u>\$ 17,553</u>	<u>\$ 7,145</u>

The accompanying notes are an integral part of these financial statements.

ST. MARY PARISH
CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1

Notes to the Financial Statements
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. Mary Parish Consolidated Gravity Drainage District No. 1 was created by Resolution No. 500 of the St. Mary Parish Police Jury on December 11, 1946. The District encompasses the area in west St. Mary Parish from Calumet, Louisiana to the St. Mary Parish line near Jeanerette, Louisiana. The purpose of the District is to construct and maintain gravity drainage works in the above stated area.

The financial statements of the St. Mary Parish Consolidated Gravity Drainage District No. 1 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition of will
- d. Fiscally dependent

Based upon the above criteria, the District is a component unit and integral part of St. Mary Parish (the primary government).

These financial statements include only the operations of the District.

B. Basic Financial Statements - Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities which report all activities of the District as a whole. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The following is a description of the two funds utilized by the District. The District reports both these funds as major funds.

Governmental Fund

General Fund

The General Fund is the primary operating fund of the District. The General Fund uses the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period.

Special Revenue Fund

The Capital Maintenance Fund, a special revenue fund, is used to account for the amounts contributed by the City of Franklin, the St. Mary Parish Council, and the District that are earmarked for expenditures for operations and maintenance of the Yokely Pump Station.

D. 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.

Government-wide Statements

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, all deferred outflows of resources, all liabilities, and all deferred inflows of resources (whether current or non-current) are included on the statement of net position and the statement of activities presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e. when they both become "measurable and available"). Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities (the District uses a thirty day period after year end). Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

E. Revenues

The following is a summary of the District's recognition policies for its major revenue sources:

Ad valorem taxes and the related State revenue sharing (which is based on population and homesteads in the Parish) are recorded in the year the taxes are assessed.

Revenues from grants are recognized when management believes all significant applicable grant requirements have been met.

Investment earnings are generally recorded when earned.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Net Pension Liability (Asset) and Deferred Outflows and Inflows of Resources

In a prior year, the District implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions", which establishes accounting and financial reporting by state and local governments for pensions. This pronouncement requires the District to calculate and recognize a net pension liability (asset) and certain deferred outflows and inflows of resources and pension expense. The District is a member of the Parochial Employees' Retirement System of Louisiana – Plan A (PERS-A), a cost sharing multiple employer public employee retirement system. For purposes of measuring its net pension liability (asset), deferred outflows and inflows of resources, and pension expense, the District uses the same basis as PERS-A.

See Note 9 for further details about this pension plan.

G. Budgets

Annual appropriated budgets are adopted for the General Fund and the Capital Maintenance Fund. All annual appropriations lapse at fiscal year end. Budgets are amended when needed upon approval by the Board. In the financial statement budgetary comparison of the budget to actual amounts, both the original and final amended budget amounts are shown.

The General Fund budget is adopted on a non-GAAP basis which is the same as GAAP basis, except for:

	<u>General Fund</u>	Capital Maintenance <u>Fund</u>
Ending fund balance – Non-GAAP budgetary basis	\$2,079,964	\$17,553
Items are not included in expenditures:		
Payment of lease liability	(14,443)	
Interest	<u>(233)</u>	<u> </u>
Ending fund balance – GAAP basis	<u>\$2,065,288</u>	<u>\$17,553</u>

For budget purposes, the LWCC dividend of \$15,987 is budgeted in current year revenues rather than a reduction of expense. The Capital Maintenance Fund budget is adopted under Non-GAAP basis which is the same as the GAAP basis except the \$3,333 received from the General Fund is reported as Revenue rather than a Transfer In.

H. Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents include demand deposits, money market accounts, and/or certificates of deposit with original short-term maturities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All purchased fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets are reported at their historical cost or estimated fair market value less their accumulated depreciation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method based on the estimated useful life of the various assets. The following is a summary of estimated useful lives by classification of the fixed assets:

<u>Category</u>	<u>Years</u>
Building and improvement	40
Equipment	5-10
Other infrastructure	10-50

GASB No. 34 required the District to begin reporting and depreciating new infrastructure assets acquired effective with the beginning of the year ended June 30, 2003. Infrastructure assets include the District's drainage systems. The District is allowed but not required to report infrastructure assets (along with applicable depreciation) acquired prior to 2003. In accordance with directives from the Districts' oversight entity the St. Mary Parish Council, the District is not recording any infrastructure acquired prior to 2003.

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operation are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

J. Equity Classifications

Government-wide Statements

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

- a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and amortization less any debt that remains outstanding that was used to finance those assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- b) Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

Governmental fund equity may be classified by five categories; nonspendable, restricted, committed, assigned or unassigned. At present, the District only requires reporting of nonspendable, restricted, and unassigned. Nonspendable represents those portions of fund equity that cannot be spent either because they are in nonspendable form (such as prepaid amounts) or because they are legally or contractually required to be maintained intact. Restricted represents those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Unassigned represents those portions of fund equity that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purpose within the General Fund.

K. Interfund Transfers

Permanent reallocations of resources between funds of the District are classified as interfund transfers. For the purpose of the Statement of Activities, the interfund transfer between the general fund and the special revenue fund has been eliminated.

During the year, the District transferred \$3,333 from the General fund to the Capital Maintenance fund for their share of the maintenance of the Yokely Pumping Station (See Note 11).

L. Compensated Absences

Employees earn vacation and sick leave annually at varying rates depending upon length of service. Vacation resets each year on January 1, but unused sick leave is allowed to accumulate from period to period to a total of up to 120 days.

Upon termination, an employee is compensated for accumulated vacation time, but employers are not compensated for sick time unless termination is due to qualified retirement.

See Note 7 for further details about compensated absences.

NOTE 2 - CASH AND CASH EQUIVALENTS

The District does not have a formal investment policy related to interest rate risk (the risk of an investment decreasing in value due to increasing interest rates).

In addition, the District does not have a formal investment policy related to credit risk (including concentrations of credit). However the District does follow state law as to limitations on types of deposits and investments as described below.

The District does not invest in any investments subject to foreign currency risk.

Cash and cash equivalents

Under state law the District may deposit its funds with certain state and federally chartered financial institutions. These deposits are required to be insured or collateralized by the financial institutions.

At year end 2025, the carrying amount of the District's cash was \$2,079,473 and the bank balance was \$2,113,519, \$500,000 was covered by federal depository insurance and the remaining \$1,613,519 was collateralized with securities held by the financial institution, in the District's name.

NOTE 3 - TAXES

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31 and taxes are considered delinquent January 1. Notices regarding seizures are sent in April with the seizure date being May 1. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. The District actually receives most of the taxes in December and January.

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Due from other governments is made up of the following:

U.S. Army Corps of Engineers reimbursement for Maintenance cost on jointly held drainage pumps	\$3,446
FEMA reimbursement for expenses incurred due to Hurricane Francine	<u>12,692</u>
	<u>\$16,138</u>

NOTE 5 - FIXED ASSETS

Capital assets activity for the year ended September 30, 2025 is as follows:

	Balance September 30, <u>2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclasses</u>	Balance September 30, <u>2025</u>
Capital assets not being depreciated					
Land	\$ 8,600	\$ -	\$ -	\$ -	\$ 8,600
Total capital assets not being depreciated	<u>8,600</u>				<u>8,600</u>
Other capital assets:					
Building and improvements	194,216				194,216
Equipment	3,417,384	210,016			3,627,400
Construction in Progress	19,053				19,053
Infrastructure-drainage	6,580,087				6,580,087
Leases - Right of Use	80,909		(80,909)		-
Total other capital assets at historical cost	<u>10,291,649</u>	<u>210,016</u>	<u>(80,909)</u>	<u>-</u>	<u>10,420,756</u>
Less accumulated depreciation for:					
Building and improvements	(170,740)	(4,856)			(175,596)
Equipment	(2,840,488)	(149,950)		\$ 14,596	(2,975,842)
Infrastructure-drainage	(4,668,172)	(249,170)		(14,596)	(4,931,938)
Leases - Right of Use	(80,909)		80,909		-
Total accumulated depreciation	<u>(7,760,309)</u>	<u>(403,976)</u>	<u>80,909</u>	<u>-</u>	<u>(8,083,376)</u>
Other capital assets, net	<u>2,531,340</u>	<u>(193,960)</u>	<u>-</u>	<u>-</u>	<u>2,337,380</u>
Total capital assets, net	<u>\$ 2,539,940</u>	<u>\$ (193,960)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,345,980</u>

Depreciation expense for the year is approximately \$404,000.

NOTE 6 – LEASES

In prior years, the District entered into a long term leasing arrangement for the acquisition of construction equipment totaling \$81,000. In the current year, the District bought out the long-term leasing arrangement for construction equipment totaling \$58,000.

NOTE 7 - COMPENSATED ABSENCES

The following is a summary of changes in compensated absences for the year ending September 30, 2025.

	<u>9/30/24</u>	<u>Net Change</u>	<u>9/30/25</u>
Compensated absences	\$139,357	\$7,693	\$147,050

NOTE 8 - COMPENSATION OF BOARD MEMBERS

Board members received the following per diems for the year ended September 30, 2025:

<u>Name</u>	<u>Amount</u>
Alton Broussard	\$1,650
Donnie Coots	1,800
Lamonika Dwyer	1,350
Chad Gianfala	1,800
Tony Gibson	1,500
J.P. Hebert, Jr.	1,800
Cleveland Jackson	300
Craig Pellerin	<u>1,800</u>
	<u>\$12,000</u>

NOTE 9 – PENSION PLAN

Plan Description

The District contributes to the Parochial Employees' Retirement System of Louisiana Plan A (PERS-A), a cost sharing multiple-employer public employee retirement system administered by a Board of Trustees. The System was established and provided for by the Louisiana Revised Statutes (LRS).

NOTE 9 – PENSION PLAN (continued)

Benefits Provided

PERS-A provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. All permanent employees who work at least 28 hours a week may 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.

Retirement Benefits

Members 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.

The monthly retirement allowance consists 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 with five 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 who is eligible for normal retirement at time of death, the surviving spouse shall receive benefits, 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 months immediately preceding death of the member, shall be paid benefits beginning at age 50.

NOTE 9 – PENSION PLAN (continued)

Deferred Retirement Option Plan.

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for members who are eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, members who are eligible to retire may elect to participate in 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 DROP 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 DROP 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 PERS-A, 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.

Members shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and have at least five years of creditable service or if hired after January 1, 2007, have seven years of creditable service, and are not eligible for normal retirement and have 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 three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen years, or three percent multiplied by years of service assuming continued service to age sixty for those members who are enrolled prior to January 1, 2007 and to age sixty-two for those members who are enrolled January 1, 2007 and later.

NOTE 9 – PENSION PLAN (continued)

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.

Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2024, the actuarially determined contribution rate was 7.34% of member's compensation. However, the actual rate for the fiscal year ending December 31, 2024 was 11.50%. Contributions to the Pension Plan from the District were \$61,788 for the year ended September 30, 2025.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

NOTE 9 – PENSION PLAN (continued)

Pension Liabilities (Assets), Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Relate to Pensions

At September 30, 2025, the District reported a liability (asset) of \$(60,016) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability (asset) was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2024, the District's proportion was 0.059680%, which was an decrease of 0.012112% from its proportion measured as of December 31, 2023. For the year ended September 30, 2025, the District recognized pension expense of \$56,199. The District recognized revenue of \$6,232 as its proportionate share of non-employer contributions for the year ended September 30, 2025. At September 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$36,625	\$5,217
Change of assumptions		6,604
Net difference between projected and actual investment earnings on pension plan investments		39,520
Change in proportion and differences between the District's contributions and proportionate share of contributions	6,454	
District's contributions subsequent to the measurement date	<u>53,693</u>	
	<u>\$96,772</u>	<u>\$51,341</u>

The District's amount reported as deferred outflows of resources from contributions subsequent to the measurement date will be recognized as a reduction of net pension liability (or an increase in net pension asset) in the year ended September 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:

2025	\$ 24,989
2026	55,483
2027	(58,949)
2028	(29,785)

NOTE 9 – PENSION PLAN (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2024, are as follows:

Valuation Date	December 31, 2024
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.40% (Net of investment expense, including inflation)
Expected Remaining Service lives	4 years
Projected Salary Increases	4.75% (2.45% Merit/2.30% Inflation)
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	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2021 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 MP2021 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2021 scale for disabled annuitants.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2018 through December 31, 2022. 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 MP2021 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 MP 2021 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2021 scale.

NOTE 9 – PENSION PLAN (continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the Capital Asset Pricing Model, (CAPM) (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 2.40% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.13% for the year ended December 31, 2024.

Best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of December 31, 2024 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	37%	1.08%
Equity	47%	2.82%
Alternatives	15%	0.76%
Real Assets	1%	0.07%
Totals	100%	4.73%
Inflation		2.40%
Expected Arithmetic Nominal Return		7.13%

Discount Rate

The discount rate used to measure the total pension liability was 6.40%. 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, the System’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.

NOTE 9 – PENSION PLAN (continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease <u>(5.40%)</u>	Current Discount Rate <u>(6.40%)</u>	1% Increase <u>(7.40%)</u>
District's Proportionate Share of Net Pension Liability (Asset)	\$306,280	\$(60,016)	\$(367,479)

The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2024. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

NOTE 10 – ON-BEHALF PAYMENTS

Property tax revenues include amounts withheld by the Sheriff to make on-behalf payments which represents the District's pro-rata share of retirement plan contributions for other governmental units. Because the District is one of multiple governmental agencies receiving proceeds from a property tax assessment, it has to bear a pro-rata share of the pension expense relating to the public employees who participate in the Assessor's Retirement Fund, Clerk of Court Retirement Fund, District Attorney's Retirement System, Municipal Employees' Retirement System, Parochial Employees' Retirement System, Registrar of Voter Employees' Retirement System, Sheriffs' Pension & Relief Fund, and Teacher's Retirement System.

The pro-rata share of the required contribution (\$62,598) that was withheld by the Sheriff from property tax collections to satisfy the District's obligation has been presented as "pension – ad valorem" in the expenditure of the General fund in these financial statements. The District has also increased its property tax revenues by the same amount of the expenditure.

NOTE 11 - COMMITMENTS

The City of Franklin (City), the St. Mary Parish Council (Council), and the District have agreed to set up a fund for maintenance of the Yokely Pumping Station. Each of the three is to place in the Capital Maintenance Fund money in the amount of \$3,333 per year until the amount reaches the sum of \$50,000. At any time the fund falls below \$50,000 each entity is to replenish the fund on the same equal basis up to \$50,000. The District is in charge of overseeing the Capital Maintenance Fund. The Fund is reported in these financial statements as a special revenue fund.

The City has been awarded a grant to partially fund the Bayou Yokley Basin Drainage Improvement project, to excavate the drainage canal. The City, the Council, and the District have agreed to share the required local match for this project, whereas the District is to pay 1/3 as their local match. This amount is reported in these financial statements as a current year expense in pump operations and maintenance.

The St. Mary Levee District and the District have entered into an agreement whereas the District is to assist the Levee District with maintenance and oversight of its levees within the District and the Levee District's boundaries. The Levee District is to pay the District \$2,000 a month to offset the additional burdens on the District's maintenance supervisor. This is reported as intergovernmental revenue on the financial statements.

NOTE 12 - RISK MANAGEMENT AND CONTINGENCIES

The District is exposed to various risks of loss related to torts, theft, or damage to assets, errors and omissions, injuries to employees and natural disasters. The District has purchased commercial insurance to protect against loss from substantially all of these perils.

There were no significant reductions in insurance coverages from prior years. Settlements in the prior three years have not exceeded insurance coverages.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent to year end, the District purchased equipment in the amount of approximately \$55,000, sold equipment for approximately \$71,000, and replaced the roof for approximately \$33,000.

REQUIRED SUPPLEMENTARY INFORMATION

St. Mary Parish Consolidated Gravity Drainage District No. 1

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
 Parochial Employees Retirement System of Louisiana (Plan A)
 as of December 31, 2024 (The Plan Measurement Date)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.069680%	0.071792%	0.075678%	0.079494%	0.088540%	0.088460%	0.061646%	0.059651%	0.059870%	0.061322%
Amount of District's proportionate share of the net pension liability (asset)	\$ (60,016)	\$ 68,398	\$ 291,269	\$ (374,451)	\$ (117,223)	\$ 3,222	\$ 273,607	\$ (44,276)	\$ 123,303	\$ 161,417
District's covered-employee payroll	\$ 569,275	\$ 520,331	\$ 513,395	\$ 529,438	\$ 446,062	\$ 434,030	\$ 377,329	\$ 367,160	\$ 363,605	\$ 361,590
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-10.54%	13.15%	56.73%	-70.73%	-26.28%	0.74%	72.51%	(12.08%)	34.87%	45.91%
Plan fiduciary net position as a percentage of the total pension liability	101.97%	98.03%	91.74%	110.46%	104.00%	99.89%	88.88%	101.86%	94.15%	92.23%

St. Mary Parish Consolidated Gravity Drainage District No. 1

SCHEDULE OF DISTRICT CONTRIBUTIONS
 Parochial Employees Retirement System of Louisiana (Plan A)
 For the Year Ended September 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 61,788	\$ 65,755	\$ 60,015	\$ 58,324	\$ 67,544	\$ 53,773	\$ 51,705	\$ 43,593	\$ 45,503	\$ 49,637
Contributions in relation to the contractually require contribution	<u>(61,788)</u>	<u>(65,755)</u>	<u>(60,015)</u>	<u>(58,324)</u>	<u>(67,544)</u>	<u>(53,773)</u>	<u>(51,705)</u>	<u>(43,593)</u>	<u>(45,503)</u>	<u>(49,637)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 557,877	\$ 571,785	\$ 521,870	\$ 499,958	\$ 551,382	\$ 432,146	\$ 418,381	\$ 370,690	\$ 360,439	\$ 369,715
Contributions as a percentage of covered-employee payroll	11.08%	11.50%	11.50%	11.67%	12.25%	12.44%	12.36%	11.76%	12.62%	13.43%

Unaudited

GENERAL SUPPLEMENTARY INFORMATION

St. Mary Parish Consolidated Gravity Drainage District No. 1

Schedule of Compensation, Benefits, and Reimbursements to
Agency Head, Political Subdivision Head, or Chief Executive Officer
For the Year Ended September 30, 2025

Supervisor: Harry Pontiff

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 80,906
Benefits-Insurance	21,228
Benefits-Retirement	8,993
Reimbursements	68
Total	<u>\$ 111,195</u>

These amounts represent all compensation, benefits, and reimbursements for the year.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND
OTHER MATTERS SECTION



INDEPENDENT AUDITORS' 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

Board of Commissioners
St. Mary Parish Consolidated
Gravity Drainage District No. 1
Franklin, 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 the governmental activities, each major fund and the respective budgetary comparisons for the General Fund and Capital Maintenance Fund of the St. Mary Parish Consolidated Gravity Drainage District No. 1 (District), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 13, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 entity'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 did identify a deficiency in internal control, described in the accompanying Schedule of Findings as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

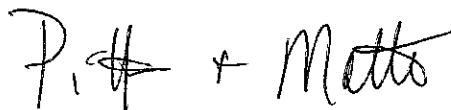
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

St. Mary Parish Consolidated Gravity Drainage District No. 1's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on St. Mary Parish Consolidated Gravity Drainage District No. 1's response to the finding identified in our audit is described in the accompanying schedule of findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Louisiana Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana
March 13, 2026

**ST. MARY PARISH
CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1**

Schedule of Findings
For the Year Ended September 30, 2025

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the St. Mary Parish Consolidated Gravity Drainage District No. 1.
2. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control over Financial Reporting

There was one deficiency in internal control over financial reporting noted during the audit of the financial statements. This condition is reported as a material weakness.

Compliance and Other Matters

There were no material instance of noncompliance or other matters that is required to be reported for the year ended September 30, 2025.

3. Federal Awards

This section is not applicable for the year ended September 30, 2025.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

INTERNAL CONTROL

Material Weakness

ITEM 2025-001 SEGREGATION OF DUTIES

Auditors' Comments

Condition: While performing audit tests and inquiring about internal control; we discovered that there is very little segregation of duties within the District's accounting function.

Criteria: Ordinarily, the accounting duties performed in an organization are segregated to reduce possible errors or irregularities that could occur in the accounting records and not be detected.

Effect: Lack of segregation of duties results in a material weakness in internal accounting controls.

Cause: The District has limited personnel.

Management's Comments

We have reviewed this situation and have decided that the additional controls derived by employing an additional person in our bookkeeping area are outweighed by the additional personnel costs.

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

This section is not applicable for the year ended September 30, 2025.

SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION
PREPARED BY ST. MARY PARISH CONSOLIDATED
GRAVITY DRAINAGE DISTRICT NO. 1

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL
STATEMENTS

Internal Control

Material Weakness

ITEM NO. 2024-001 SEGREGATION OF DUTIES

Condition: While performing audit tests and inquiring about internal control; our auditors discovered that there is very little segregation of duties within the District's accounting function.

Corrective Action: We have reviewed this situation and have decided that the additional controls derived by employing an additional person in our bookkeeping area is outweighed by the additional personnel costs.

ITEM OF NONCOMPLIANCE

ITEM NO. 2024-002 NONCOMPLIANCE WITH BUDGET MONITORING

Condition: During the course of the audit, it was noted that the District's operating budget needed amendments which were not made.

Corrective Action: This was corrected in the current year.

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable to prior year.

ST. MARY PARISH
CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1

305 HIGHWAY AVENUE
FRANKLIN, LA 70538
PHONE 337-828-0675
FAX 337-828-1480

C. Gianfala, President
D. Coots, Vice President
J. Hebert, Jr., Secretary/Treasurer
H. Pontiff, Supervisor

Commissioners:
Alton Broussard, Jr.
Lamonika Dwyer
Craig Pellerin
Tony Gibson

March 13, 2026

Mr. Michael Wagespack, CPA
Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Wagespack:

St Mary Parish Consolidated Gravity Drainage District No. 1, respectfully submits the following correction action plan for the year ending September 30, 2025.

CORRECTION ACTION:

Person Responsible: Chad Gianfala
St. Mary Parish Consolidated Gravity Drainage District No. 1
305 Hwy Avenue, Franklin, LA 70538

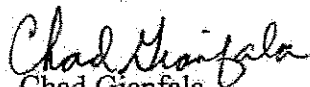
Material Weakness: RE: Item No. 2025-001

Segregation of Duties: While performing audit test and inquiring about internal control, our auditors discovered that there is very little segregation of duties within the District's accounting function.

Corrective Action: We have reviewed the situation and have decided that the additional controls derived by employing an additional person in our bookkeeping area is outweighed by the additional personnel costs.

This plan of action is being submitted in accordance with Legislative requirements. If you have any questions concerning this action, contact the undersigned.

St. Mary Parish Consolidated Gravity Drainage District No. 1


Chad Gianfala
President

ST. MARY PARISH
CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
STATE OF LOUISIANA

SCHEDULE OF PROCEDURES PERFORMED AND
ASSOCIATED FINDINGS BASED UPON THE
STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED
September 30, 2025
WITH
AGREED UPON PROCEDURES REPORT
BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
St. Mary Parish Consolidated Gravity Drainage District No.1
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in the attached Schedule of Procedures Performed and Associated Findings Based Upon the Statewide Agreed-Upon Procedures (Schedule), on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor (LLA)'s Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2024, through September 30, 2025. The St. Mary Parish Consolidated Gravity Drainage District No. 1's (District) management is responsible for those C/C areas identified in the SAUPs presented in the attached Schedule.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2024, through September 30, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. 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 findings are included in the attached Schedule.

We were engaged by the District 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 standards of *Government Auditing Standards*. 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 C/C 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report may be distributed by the LLA as a public document.

Pitts & Matto

CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana
March 13, 2026

**ST. MARY PARISH CONSOLIDATED GRAVITY DRAINAGE DISTRICT
NO. 1**

**STATE OF LOUISIANA
Schedule of Procedures Performed and Associated Findings Based upon the
Statewide Agreed-Upon Procedures
For the Year Ended September 30, 2025**

Guide to Presentation Format

This report contains these items presented in this order:

Statewide Agreed-Upon Procedures (SAUPs) prescribed by the Louisiana Legislative Auditor (LLA),
Procedures performed by the Independent Certified Public Accountant,
Findings based upon the procedures performed, and
Management's Comments relative to the findings, if applicable.

In order to facilitate understanding this report - the procedures and findings are presented in the following format:

<u>Order of Presentation</u>	<u>Presentation Format</u>
Area or function	Centered all CAPITALS IN BOLD TYPE
Statewide Agreed-Upon Procedures Prescribed (SAUPs) by Louisiana Legislative Auditor (LLA)	Regular type highlighted with numbers or letters (if there are multiple parts)
Actual procedures performed by Independent Certified Public Accountant	Denoted as Procedure Performed: (in bold type) followed by procedure in regular type
Finding based upon procedure performed	Denoted as Findings: (in bold type) followed by findings in regular type
Management's response to findings	Denoted as Management's Response: (in bold type) followed by <i>management's response in italics</i>

WRITTEN POLICIES AND PROCEDURES

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:

Budgeting

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

Procedure Performed: Obtained from management and inspected the District's written policies and procedures for budgeting.

Findings: Found the District has written policies and procedures that include the specified functions listed above.

Purchasing

- 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.

Procedure Performed: Obtained from management and inspected the District's written policies and procedures for purchasing.

Findings: Found the District has written policies and procedures that include the specified functions listed above.

Disbursements

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

Procedure Performed: Obtained from management and inspected the District's written policies and procedures for disbursements.

Findings: Found the District has written policies and procedures that include the specified functions listed above.

Receipts/Collections

- 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).

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

Procedure Performed: Obtained from management and inspected the District's written policies and procedures for receipts/collections.

Findings: Found the District has written policies and procedures that include the specified functions listed above.

Payroll/Personnel

- 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.

Procedure Performed: Obtained from management and inspected the District's written policies and procedures for payroll/personnel.

Findings: Found the District has written policies and procedures that include the specified functions listed above, with the exception of the approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Contracting

- 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.

Procedure Performed: Obtained from management and inspected the District's written policies and procedures for contracting.

Findings: Found the District has written policies and procedures that include the specified functions listed above.

Travel and Expense Reimbursement

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

Procedure Performed: Obtained from management and inspected the District's written policies and procedures for travel and expense reimbursements.

Findings: Found the District has written policies and procedures that include the specified functions listed above, with the exception of dollar thresholds by category of expense.

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

Credit Cards

- 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).

Procedure Performed: Obtained from management and inspected the District's written policies and procedures for credit cards.

Findings: Found the District has written policies and procedures that include the specified functions listed above.

Ethics

- 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.

Procedure Performed: Obtained from management and inspected the District's written policies and procedures for ethics.

Findings: Found the District has written policies and procedures that include the specified function listed above, with the exception of a system to monitor possible ethics violations and a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Debt Service

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

Procedure Performed: Inquired of management and obtained management's written representation that the District does not have written policies and procedures for debt service.

Findings: Found the District does not have written policies and procedures regarding debt service.

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

Information Technology Disaster Recovery/Business Continuity

- 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.

Procedure Performed: We performed the procedures.

Findings: Discussed the findings with the management.

Prevention of Sexual Harassment

- 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.

Procedure Performed: Obtained from management and inspected the District's written policies and procedures for prevention of sexual harassment.

Findings: Found the District has written policies and procedures that include the specified functions listed above, with the exception of annual employee training and annual reporting.

Management's response:

The District has policies and procedures in all the areas above, with the exception of Debt Service and Travel and Expense Reimbursement as it relates to dollar thresholds by category of expense. However, the following policies are not in writing:

Payroll/Personnel as it relates to approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Ethics as it relates to a system to monitor possible ethics violations and a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Prevention of Sexual Harassment as it relates to annual employee training and annual reporting.

We plan to put policies and procedures in all areas in writing.

BOARD OR FINANCE COMMITTEE

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.

Procedure Performed: Obtained and inspected the District's board minutes for the fiscal period as well as Louisiana State Law as it relates to Drainage Districts and the Ordinance that created the District.

Findings: Found that the District met with a quorum at all of the monthly meetings.

ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Procedure Performed: Obtained and inspected the District's board minutes for the fiscal period.

Findings: Found the minutes referenced monthly financial statements but not comparisons to the 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.

Procedure Performed: Obtained and read the District's prior year audit report and observed the unassigned fund balance in the general fund.

Findings: Found that the general fund did not have a negative ending unassigned fund balance in the prior year audit report.

BOARD OR FINANCE COMMITTEE (CONTINUED)

- 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.

Procedure Performed: Obtained and read the District's board minutes for the current fiscal period and corrective action plan for the prior audit period.

Findings: Found management's opinion to their segregation of duties finding is that the cost of taking corrective action exceeds the benefits of correcting the finding.

Management's response:

We review budget-to-actual reports during our monthly meetings. However, in the future, we will include references to these reports in our minutes.

BANK RECONCILIATIONS

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged), and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedures Performed: Obtained the listing of bank accounts from management and management's representation that the listing is complete. The listing contained three bank accounts, one of which is a savings account that is not a part of the District's daily business operations. Therefore, we excluded the account for the purposes of the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures. For the remaining two accounts, we randomly selected one month from the fiscal period and obtained and inspected the corresponding bank statements and bank reconciliations.

Findings:

- i. Observed there is evidence that each bank reconciliation was prepared within 2 months of the related statement closing date
- ii. Observed there is evidence that a member of management/board member who does not handle cash, post ledgers, or issues checks has reviewed each bank reconciliation within 1 month of the date of preparation.
- iii. Observed there is documentation reflecting management has researched all reconciling items that have been outstanding for more than 12 months from the statement closing date.

Management' response:

No comment.

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)

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).

Procedure Performed: Obtained the listing of deposit sites where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete.

Findings: The District has only one 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;

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

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

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

Procedure Performed: Obtained the listing of collection locations for the District's one deposit site and management's representation that the listing is complete and inquired of employees about the employees' job duties.

Findings: The District has only one collection location.

i. Employees responsible for collections share a cash box.

ii. One employee who is responsible for collecting cash is also responsible for preparing/making bank deposits.

iii. One employee who is responsible for collecting cash is also responsible for posting collection entries to the general ledger or subsidiary ledgers.

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS) (CONTINUED)

- iv. The employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is responsible for collecting cash. However, another employee/official verifies the reconciliation.

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

Procedure Performed: Obtained and read a copy of the insurance policy for theft covering all employees who have access to cash and observed the insurance policy for theft was in force during the fiscal period.

Findings: The District's insurance policy for theft was in force during the fiscal period.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Procedure Performed: Randomly selected two deposit dates for the bank accounts selected for Bank Reconciliation procedure #3A (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits were made on the same day). Obtained supporting documentation for the selected deposits.

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS) (CONTINUED)

Findings:

- i. Found the District does not use prenumbered cash receipts. However, a copy of each check deposited is kept for records.
- ii. Found that collection documentation agrees to the deposit slips.
- iii. Found that all the deposit slip totals agreed to the actual deposits per the bank statements.
- iv. Observed that all deposits were made within one business day of receipt at the collection location with the exception of two (2) of the four (4) deposits that did not include evidence for date of receipt.
- v. Found that all actual deposits per the bank statements were recorded in the general ledger.

Management's response:

In the future, the employee responsible for collecting cash will not:

Share a cash box with other employees.

Prepare/make bank deposits without another employee reconciling collection documentation to the deposit.

Post collection entries to the general ledger without another employee reconciling ledger postings to each other and to the deposit.

In the future, the employee responsible for collecting cash will:

Include date of receipt on all collections received.

NON-PAYROLL DISBURSEMENTS – (EXCLUDING CARD PURCHASES, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

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

Procedure #5 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.

CREDIT CARDS/DEBIT CARDS/ FUEL CARDS/PURCHASE CARDS (CARDS)

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

Procedure #6 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

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

Procedure #7 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.

CONTRACTS

8) Contracts

Procedure #8 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.

PAYROLL AND PERSONNEL

9) Payroll and Personnel

Procedure #9 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.

ETHICS

10) Ethics

Procedure #10 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.

DEBT SERVICE

11) Debt Service

Procedure #11 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.

FRAUD NOTICE

12) Fraud Notice

Procedure #12 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.

INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY

13) Information Technology Disaster Recovery/ Business Continuity

Procedure #13 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.

PREVENTION OF SEXUAL HARRASSMENT

14) Prevention of Sexual Harassment

Procedure #14 is not tested in Year 2 based on the LLA SAUP's 2-year testing cycle, as this category did not have an exception in Year 1.