

**GRAVITY DRAINAGE DISTRICT NO. 6
OF THE PARISH OF ST. MARY**

Amelia, Louisiana

Year Ended September 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Gravity Drainage District No. 6 of the Parish of St. Mary
Amelia, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Gravity Drainage District No. 6 of the Parish of St. Mary (hereinafter, the "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 23 and 24 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 14, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Net Position
September 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 8,609
Investments	2,032,370
Prepaid expenses	12,862
Capital assets:	
Land and construction in progress	530,580
Other, net of accumulated depreciation	<u>879,207</u>
Total assets	<u>3,463,628</u>
LIABILITIES	
Accounts payable	<u>28,462</u>
NET POSITION	
Net investment in capital assets	1,409,787
Unrestricted	<u>2,025,379</u>
Total net position	<u>\$ 3,435,166</u>

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

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Activities
Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
Drainage works	<u>\$ 414,215</u>	<u>\$ 123,022</u>	<u>\$ (291,193)</u>
General revenues:			
	Taxes-		
		Property taxes, levied for maintenance	501,149
		Interest and investment earnings	31,735
		Miscellaneous	<u>1,759</u>
		Total general revenues	<u>534,643</u>
		Change in net position	243,450
		Net position - October 1, 2017	<u>3,191,716</u>
		Net position - September 30, 2018	<u><u>3,435,166</u></u>

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

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTION

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Balance Sheet
Governmental Fund
September 30, 2018

	<u>General Fund</u>
ASSETS	
Assets:	
Cash and interest-bearing deposits	\$ 8,609
Investments	<u>2,032,370</u>
Total assets	<u>\$ 2,040,979</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	<u>\$ 28,462</u>
Fund balance:	
Committed - construction projects	1,790,006
Unassigned	<u>222,511</u>
Total fund balances	<u>2,012,517</u>
Total liabilities and fund balance	<u>\$ 2,040,979</u>

(continued)

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Balance Sheet (continued)
Governmental Fund
September 30, 2018

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position:

Total fund balances for governmental funds at September 30, 2018		\$ 222,511
Cost of capital assets:		
Land	\$ 195,315	
Construction in progress	335,265	
Other, net of accumulated depreciation	<u>879,207</u>	1,409,787
Prepaid expenditures		<u>12,862</u>
Net position at September 30, 2018		<u>\$ 1,645,160</u>

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

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended September 30, 2018

	General Fund
Revenues:	
Local Sources-	
Ad valorem taxes	\$ 501,149
Interest income	31,735
Miscellaneous	1,759
Total revenues	534,643
Expenditures:	
Current -	
Drainage works	
General government	98,763
Repairs and maintenance	170,063
Professional fees	22,115
Fuel and utilities	24,853
Capital outlay	45,083
Total expenditures	360,877
Net change in fund balance	173,766
Fund balance, beginning	1,838,751
Fund balance, ending	\$ 2,012,517

(continued)

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
Governmental Fund
Year Ended September 30, 2018

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of the Governmental Fund to the Statement of Activities:

Total net changes in fund balance for the year ended September 30, 2018	
Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 173,766
Contributions of capital assets	123,022
Cost of capital assets	45,083
Depreciation expense	(98,626)
Net change in prepaid expenditures	<u>205</u>
Total changes in net position for the year ended September 30, 2018 per	
Statement of Activities	<u>\$ 243,450</u>

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

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements

Gravity Drainage District No. 6 of the Parish of St. Mary (hereinafter "District"), was created and established pursuant to the provisions of an ordinance adopted by the St. Mary Parish Council (formerly the St. Mary Parish Police Jury), in compliance with the provisions of Louisiana Revised Statutes. The District is managed by a board of commissioners appointed by the St. Mary Parish Council. The District has full power and authority to drain lands in the district by construction, maintenance and operation of gravity and/or forced drainage facilities, including drains, drainage canals, ditches, pumps and pumping plants, dikes, levees and other related works.

(1) Summary of Significant Accounting Policies

The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

Governmental Accounting Standards Board Statement (GASB) No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the St. Mary Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- Appointing a voting majority of an organization's governing body, and the ability of the Parish Council to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Council.
- Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council.
- Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Council appoints the governing body and has the ability to significantly impose its will, the District is a component unit of the St. Mary Parish Government, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities presents a comparison between direct expenses and program revenues for the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the District, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund of the District is considered to be the major fund and is described below:

Governmental Fund –

General Fund – this fund is the primary operating fund of the District and it accounts for the operations of the District’s office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

C. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the statement of net position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings, pump stations and improvements	20 – 40 years
Drainage system improvements	5 – 12 years
Equipment, pumps and engines	5 – 7 years
Land, canals, levees and construction in progress	not depreciated

D. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities 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.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. The District uses the following practices in recording certain revenues and expenditures:

Revenues

Intergovernmental revenues are recorded when approved for payment by the payer or governing body.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

E. Cash

Cash includes amounts in demand deposits and interest bearing demand deposits.

Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. Investments

Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. All of the District's investments are in LAMP, which are stated at amortized cost.

G. Prepaid Items

Insurance payments made to insurance agencies that will benefit periods beyond the current period are recorded as prepaid items.

H. Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

Fund balance for the District's governmental fund is displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable – amounts 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.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through formal actions of the Board of Commissioners.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board of Commissioners may assign amounts for specific purposes.
- e. Unassigned – amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners has provided otherwise in its commitment of assignment actions.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(2) Cash

At September 30, 2018, the District has cash (book balances) totaling \$8,609 as follows:

Cash in demand deposits	<u>\$ 8,609</u>
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Under state law, deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2018, the District has \$8,690 in deposits (bank balances) which are entirely secured from risk by federal deposit insurance.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the District will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. Since the District's total bank balances were fully insured, the deposits are not exposed to custodial credit risk.

(3) Investments

Investments held at September 30, 2018 consist of \$2,032,370 in the Louisiana Asset Management Pool. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

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

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

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

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

- Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk – 2a7-like investment pool are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- Foreign currency risk – not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

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

Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of September 30, 2018. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

(4) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property within the District's taxing area as of January 1 of each year. Taxes are levied by the District in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The St. Mary Parish Sheriff bills and collects the District's property taxes using the assessed values determined by the tax assessor of St. Mary Parish. District property tax revenues are budgeted in the year billed. For the year ended September 30, 2018, the District levied a property tax of 7.81 mills for maintenance and operations on property with assessed valuations totaling \$65,386,325. The total taxes collected were \$501,149.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(5) Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	<u>Balance</u> <u>10/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2018</u>
Governmental activities:				
Capital assets not being depreciated:				
Land (levees and canals)	\$ 195,315	\$ -	\$ -	\$ 195,315
Construction in progress	171,235	164,030	-	335,265
Capital assets, being depreciated:				
Equipment, pumps and engines	727,798	791	-	728,589
Pump station improvements	1,505,419	-	-	1,505,419
Drainage improvements	184,199	3,284	-	187,483
Buildings	29,994	-	-	29,994
Total capital assets	<u>2,813,960</u>	<u>168,105</u>	<u>-</u>	<u>2,982,065</u>
Less: accumulated depreciation				
Equipment, pumps and engines	457,006	45,472	-	502,478
Pump station improvements	844,546	49,873	-	894,419
Drainage improvements	150,705	2,784	-	153,489
Buildings	21,395	497	-	21,892
Total	<u>1,473,652</u>	<u>98,626</u>	<u>-</u>	<u>1,572,278</u>
Net capital assets	<u>\$ 1,340,308</u>	<u>\$ 69,479</u>	<u>\$ -</u>	<u>\$ 1,409,787</u>

Depreciation expense in the amount of \$98,626 was charged to drainage works.

The District has an on-going HGMP project through the St. Mary Parish Government to refurbish Pump Station 2/2A. The District's funding responsibility is 25% of project costs. Phase I of the project, preliminary planning and engineering, has been completed. Phase II, bidding and construction has yet to begin. The anticipated completion date of the project is in 2020.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(6) Compensation Paid To Board Members

The schedule of compensation paid to the Board of Commissioners for the period ended September 30, 2018:

	<u>Per Diem Received</u>
Leroy Breaux	\$ 845
Scott Singleton	455
Anthony Marcell	780
Carl McAllister	130
Nick Morris	910
Jason Brown	715
Total	<u>\$ 3,835</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. With the exception of per diem, no other payments which would require disclosure were made to the District's chief officer. For the year ended September 30, 2018 the District's chief officer, Leroy Breaux, received \$845 in per diem payments.

(7) Related Party Transactions

The St. Mary Parish Government has submitted Hazard Mitigation Grant Program applications on behalf the District to complete mitigation projects. The federal grants will fund 75% of the projects, and the District is responsible for the remaining 25% of the project. The following projects were in process during the year ended September 30, 2018:

- a) Drainage improvements for the Pump Stations 2 and 2A drainage basin. During the year, the District's required contribution paid to the Parish was \$41,008. The Parish's contribution, reimbursable by the Hazard Mitigation Grant Program, was \$123,023.
- b) Construction of a safe room. Although this project is still in process, there was no activity recorded for the year ended September 30, 2018. Therefore, the District's required contribution paid to the Parish was \$0. The Parish's contribution, reimbursable by the Hazard Mitigation Grant Program, was \$0.

REQUIRED SUPPLEMENTARY INFORMATION

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ 501,149	\$ 501,149
Interest income	-	-	31,735	31,735
Miscellaneous income	-	-	1,759	1,759
Total revenues	<u>-</u>	<u>-</u>	<u>534,643</u>	<u>534,643</u>
Expenditures:				
Current -				
Drainage works				
General government	92,315	102,000	98,763	3,237
Repairs and maintenance	60,100	170,000	170,063	(63)
Professional fees	20,000	25,000	22,115	2,885
Utilities	28,000	28,000	24,853	3,147
Capital outlay	<u>34,000</u>	<u>55,000</u>	<u>45,083</u>	<u>9,917</u>
Total expenditures	<u>234,415</u>	<u>380,000</u>	<u>360,877</u>	<u>19,123</u>
Net change in fund balance	<u>(234,415)</u>	<u>(380,000)</u>	<u>173,766</u>	<u>553,766</u>
Fund balance, beginning	<u>1,838,751</u>	<u>1,838,751</u>	<u>1,838,751</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,604,336</u>	<u>\$ 1,458,751</u>	<u>\$ 2,012,517</u>	<u>\$ 553,766</u>

See notes to budgetary comparison schedule.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Budgetary Comparison Schedule

(1) Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

(2) Budgetary Practices

The District prepares and adopts a budget in accordance with LSA-RS 39:1301 et seq; however, the District did not adopt a revenue budget. The annual budget for the General Fund is prepared in accordance with the basis of accounting utilized by that fund.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are performed.

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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

Members of the Board of Commissioners
Gravity Drainage District No. 6 of the Parish of St. Mary
Amelia, Louisiana

Report on the Financial Statements

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 and the major fund of Gravity Drainage District No. 6 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2018, 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 14, 2019.

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 circumstance 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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. However, we identified certain deficiencies in internal control that we consider to be material weaknesses which are described in the accompanying schedule of audit results and findings as items 2018-001 and 2018-002.

Compliance and Other Matters

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

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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 the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 14, 2019

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2018

A. Internal Control

2017-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

CURRENT STATUS: See schedule of audit results and findings item 2018-001.

2017-002 Financial Reporting

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

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

CURRENT STATUS: See schedule of audit results and findings item 2018-002.

B. Compliance

2017-003 Local Government Budget Act

CONDITION: Budget variance in excess of 5% was incurred in the General Fund.

RECOMMENDATION: We recommend that the District adopt budgetary amendments as necessary to cause compliance with state statute.

CURRENT STATUS: The condition was only applicable to the prior period and did not reoccur.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Audit Results and Findings
Year Ended September 30, 2018

Part I. Summary of auditor's results:

Unmodified opinions were issued on the financial statements of the District's governmental activities and its major fund (General Fund).

Two (2) deficiencies in internal control were disclosed by the audit of the financial statements and the conditions are considered material weaknesses. No significant deficiencies were reported.

No material instances of noncompliance required to be reported in accordance with *Government Auditing Standards* are included in Part II of this schedule.

A management letter was not issued.

Part II. Findings relating to an audit in accordance with *Government Auditing Standards*:

A. Internal Control

2018-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

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

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

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

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2018

2018-002 Financial Reporting

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

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

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

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

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

B. Compliance

No findings are reported in this section.

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

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

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Corrective Action Plan for Current Audit Findings
Year Ended September 30, 2018

2018-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve adequate segregation of duties.

2018-002 Financial Reporting

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

MANAGEMENT'S RESPONSE: The financial reporting process will continue to be outsourced to the District's external auditors due to the increased costs necessary to correct the condition.

**GRAVITY DRAINAGE DISTRICT NO. 6
OF THE PARISH OF ST. MARY**

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2017 through September 30, 2018

KOLDER, SLAVEN & COMPANY, LLC

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

To the Board of Commissioners
Gravity Drainage District No. 6 of the Parish of St. Mary
Amelia, Louisiana

We have performed the procedures enumerated below which were agreed to by Gravity Drainage District No. 6 of the Parish of St. Mary (hereinafter "District") and the Louisiana Legislative Auditor (LLA) (the specified parties) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2017 through September 30, 2018, as required by the *Louisiana Governmental Audit Guide*. The District's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable provisions of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated exceptions are as follows:

Written Policies and Procedures

1. Obtain and inspect the District's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the District's operations):

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

Written policies and procedures were obtained and address the categories and subcategories noted above.

- b) **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.

Written policies and procedures were obtained and address the functions noted above.

- c) **Disbursements**, including processing, reviewing, and approving.

Written policies and procedures were obtained and address the functions noted above.

- d) **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 were obtained and address the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The District has no written policies and procedures related to payroll/personnel since the District has no employees.

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

Written policies and procedures were obtained and address the functions noted above with the exception of (3) legal review and (4) approval process.

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

The District has no written policies and procedures related to credit cards because the District does not use credit cards.

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

Written policies and procedures were obtained and address the functions noted above with the exception of (2) dollar thresholds by category of expense.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.

Written policies and procedures were obtained and address the functions noted above with the exception of (3) system in place to monitor possible ethics violations, and (4) requirement for board members to annually attest through signature verification that they have read the District's ethics policy.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures were obtained and address the functions noted above.

Board or Finance Committee

2. 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:
- a) 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 documents.

No exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

No exceptions noted.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the District's main operating account. Select the District'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 selected each account, and observe that:

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

Unable to determine the timeliness of preparation. Bank reconciliations do not include a timestamp (manual or electronic) indicating the completion date.

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

Bank reconciliation include no evidence of review by a board member who does not handle cash, post ledgers, or issue checks.

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

No reconciling items outstanding more than twelve (12) months observed.

Collections

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

Obtained listing of deposit sites and management's representation that the listing is complete.

- 5. 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, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtained listing of collection locations from the District's deposit site and management's representation that the listing is complete. Selected the District's lone collection location.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

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

The individual responsible for collecting cash is also responsible for preparing/making bank deposits and reconciling collection documentation to the deposit.

- c) Each employee responsible for collecting cash is not 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.

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

- d) The employees responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

See 5c above.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

All individuals who have access to cash are covered by an insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit date if multiple deposits are made on the same day). Alternately, 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:

- a) Observe that receipts are sequentially pre-numbered.

Receipts are not sequentially pre-numbered.

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

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) 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).

No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

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

Obtained a listing of locations that process payments and management's representation that the listing is complete. Selected the District's lone processing location.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

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

The individual responsible for processing payments is not prohibited from adding/modifying vendors files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The employee who is responsible for processing payments is also responsible for mailing payments.

10. For each location selected under #8 above, obtain the District's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

Obtained management's representation that the District does not have or use credit cards.

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

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

Not applicable.

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

Not applicable.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Travel and Travel-Related Expense Reimbursement (excluding card transactions)

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 2: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2.”

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 2: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2.”

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

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

Obtained management's representation that the District has no employees/elected officials.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Not applicable.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Not applicable.

- c) Observe that any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.

Not applicable.

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

Not applicable.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Not applicable.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Documentation of ethics training could not be provided for multiple board members.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the District's ethics policy during the fiscal period.

While the District's policy does not require board members to annually attest that they have read the ethics policy, documentation of same was provided for all but one board member.

Debt Service (excluding nonprofits)

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

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

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

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

Other

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 2: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2."

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the District reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the District is domiciled.
24. Observe that the District has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Management's Response

The District's Board of Commissioners concurs with the exceptions and are working to address the deficiencies identified.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, as required by the *Louisiana Governmental Audit Guide*, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the District's management and the LLA. Accordingly, this report is not suitable for any other purpose and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants