ST. MARY PARISH CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2A

Financial Statements

Year Ended September 30, 2025

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KOLDER, SLAVEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

Of Counsel
C. Burton Kolder, CPA*

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022
Gerald A. Thibodeaux, Jr., CPA* - retired 2024

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
St. Mary Parish Consolidated Gravity Drainage District No. 2A
Morgan City, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Mary Parish Consolidated Gravity Drainage District No. 2A (hereinafter, the "District"), a component unit of the Parish of St. Mary, 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 of the governmental activities and each major fund of the District, as of September 30, 2025, 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.

Basis for Opinions

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 opinions.

Emphasis of Matter

As described in Note 13, during year ended September 30, 2025, error corrections resulted in restatement of beginning net position and fund balance. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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

Accounting principles generally accepted in the United States of America require budgetary comparison information to 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 budgetary comparison information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 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, 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
April 29, 2026

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. MARY PARISH CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2A
Morgan City, Louisiana

Statement of Net Position
September 30, 2025

	Governmental Activities
ASSETS	
Current assets:	
Cash and interest-bearing deposits	$ 1,313,313
Investments	1,531,589
Prepaid expenses	82,278
Total current assets	2,927,180
Noncurrent assets:	
Capital assets -	
Land and construction in progress	3,925,142
Capital assets being depreciated/amortized, net	25,549,853
Total noncurrent assets	29,474,995
Total assets	32,402,175
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on bond refundings	129,169
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	65,133
Accrued interest payable	21,884
Total current liabilities	87,017
Long-term liabilities:	
Due within one year:	
Bonds payable	864,064
Due in more than one year:	
Bonds payable	6,843,711
Total liabilities	7,794,792
NET POSITION	
Net investment in capital assets	24,029,995
Restricted for-	
Debt service	1,049,810
Unrestricted	(343,253)
Total net position	$ 24,736,552

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

ST. MARY PARISH CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2A
Morgan City, Louisiana

Statement of Activities
Year Ended September 30, 2025

Functions/Programs	Expenses	Net (Expenses) Revenues And Changes in Net Position
Governmental activities:		
Drainage works	2,566,651	$ (2,566,651)
Interest on debt	277,447	(277,447)
Total governmental activities	$ 2,844,098	(2,844,098)
	General revenues:	
	Ad valorem taxes	2,755,926
	Federal sources	16,646
	Gain on disposal of assets	2,259
	Interest income	80,368
	Miscellaneous	17,297
	Total general revenues	2,872,496
	Change in net position	28,398
	Net position, beginning, as restated	24,708,154
	Net position, ending	$ 24,736,552

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

FUND FINANCIAL STATEMENTS

ST. MARY PARISH CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2A
Morgan City, Louisiana

Balance Sheet
Governmental Funds
September 30, 2025

	General	Debt Service	Capital Project	Total Governmental Funds
ASSETS				
Cash and interest-bearing deposits	$ 263,976	$ 1,049,337	$ -	$ 1,313,313
Investments	1,531,589	-	-	1,531,589
Due from other funds	-	473	-	473
Prepaid expenditures	65,010	-	-	65,010
Total assets	$ 1,860,575	$ 1,049,810	$ -	$ 2,910,385
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 53,220	$ -	$ 11,913	$ 65,133
Due to other funds	473	-	-	473
Total liabilities	53,693	-	11,913	65,606
Fund balances:				
Nonspendable	65,010	-	-	65,010
Restricted for-				
Debt service	-	1,049,810	-	1,049,810
Unassigned	1,741,872	-	(11,913)	1,729,959
Total fund balances	1,806,882	1,049,810	(11,913)	2,844,779
Total liabilities fund balances	$ 1,860,575	$ 1,049,810	$ -	$ 2,910,385

(continued)

ST. MARY PARISH CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2A
Morgan City, Louisiana

Balance Sheet (continued)
Governmental Funds
September 30, 2025

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total fund balances for governmental funds at September 30, 2025		$ 2,844,779
Cost of capital assets:		
Land and construction in progress	$ 3,925,142	
Capital assets, net of accumulated depreciation	25,549,853	29,474,995
Certain costs related to the issuance of long-term debt are expensed in the fund financial statements but amortized over the life of the issuance in the government-wide financial statements as follows:		
Bond issuance and refunding costs		129,169
Prepaid insurance related to bond issuance		17,268
Long-term liabilities:		
Bonds payable		(7,707,775)
Accrued interest payable		(21,884)
Total net position of governmental activities at September 30, 2025		$ 24,736,552

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

ST. MARY PARISH CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2A
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2025

	General	Debt Service	Capital Project	Total Governmental Funds
Revenues:				
Taxes	$ 1,463,236	$ 1,292,690	$ -	$ 2,755,926
Intergovernmental	16,646	-	-	16,646
Interest income	74,315	6,053	-	80,368
Miscellaneous	17,297	-	-	17,297
Total revenues	1,571,494	1,298,743	-	2,870,237
Expenditures:				
Current -				
Drainage works	1,249,976	42,320	-	1,292,296
Debt Service -				
Principal	-	765,000	-	765,000
Interest and fiscal charges	-	324,948	-	324,948
Capital outlay	46,045	-	-	46,045
Total expenditures	1,296,021	1,132,268	-	2,428,289
Excess of revenues over expenditures	275,473	166,475	-	441,948
Net change in fund balances	275,473	166,475	-	441,948
Fund balances, beginning, as restated	1,531,409	883,335	(11,913)	2,402,831
Fund balances, ending	$ 1,806,882	$ 1,049,810	$ (11,913)	$ 2,844,779

(continued)

ST. MARY PARISH CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2A
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended September 30, 2025

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Net change in fund balances	$ 441,948
Cost of capital asset additions	46,045
Depreciation expense	(1,268,488)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to decrease net position	(195,345)
Bond principal payments	765,000
Lease liability payments	197,604
Amortization of prepaid insurance related to bond issuance	(5,867)
Amortization of bond issuance costs	(43,057)
Accrued interest	31,531
Bond premium	59,027
Total changes in net position at September 30, 2025 per statement of activities	$ 28,398

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

(1) Summary of Significant Accounting Policies

The St. Mary Parish Consolidated Gravity Drainage District No. 2A (District), which is a component unit of the Parish of St. Mary, was created by Ordinance No. 2225 of the St. Mary Parish Government on April 22, 2020 a consolidated gravity drainage district which includes the boundaries of Consolidated Gravity Drainage District No. 2 (District 2) and Gravity Drainage District No. 6 (District 6). The District was created and established pursuant to the provisions of Chapter 22, Title 33 of the Louisiana Revised Statutes of 1950, as amended. The purpose of the District is the draining and reclaiming of the undrained or partially drained marsh, swamp, and overflowed lands in the area specified in its creation ordinance.

A. Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the District's executive and legislative branches (the Board of Commissioners). Control by or dependence on the District was determined on the basis of budget adoptions, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. The District is an integral part of the Parish of St. Mary.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Both the government-wide and the fund financial statements categorize primary activities as governmental.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and items not properly included among program revenues are reported as general revenues.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues in the year for which they are earned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the government considers revenues to be available if they are collectible within the current period or soon enough thereafter 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to taxpayers. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, and interest on investments.

The District maintains three funds. They are categorized as governmental funds. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds –

The focus of the governmental funds' measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the general fund of the District, which is also the major fund:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Additionally, the District reports the following fund types:

Governmental Funds –

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Capital Project Fund

The Capital Project Fund is used to account for resources to be used for the acquisition or construction of major capital facilities.

D. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

E. Investments

Under state law, the District may invest in Louisiana Asset Management Pool (LAMP), United States bonds, treasury notes, or certificates. Investments are valued in accordance with GASB Statement No. *72, Fair Value Measurements and Application.*

F. Receivables

All receivables are shown net of an allowance account, as applicable.

G. Prepaid Items

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

H. Interfund Activity

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. These amounts are reported as "due to/from other funds." For the purpose of the statement of net position, these amounts have been eliminated.

Permanent allocations of resources between funds are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between governmental funds have been eliminated.

I. Capital Assets

All capital assets purchased or acquired with an original cost of $500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. 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 on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, pump stations and improvements	5-40 years
Drainage improvements	5-40 years
Pumps, engines, and equipment	5-30 years

J. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District may report deferred inflows arising from unavailable revenues. Unavailable revenue occurs under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet.

Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until that time. A deferred outflow of resource is reported in this year's financial statements is a deferred amount arising from the advance refunding of bonds. The deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense.

K. Equity Classifications

Government-wide Financial Statements

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

1. 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, certificates of indebtedness, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

3. Unrestricted - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first.

Fund Financial Statements

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

1. 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.

2. 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.

3. Committed - amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through formal actions by the Board of Commissioners.

4. Assigned - amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. Only the Board of Commissioners may assign amounts for specific purposes.

5. 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 have provided otherwise in its commitment or assignment actions.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates.

M. Compensated Absences

The District has the following policy relating to annual leave and sick leave:

1. Vacation Leave
   Once an employee successfully completes the probationary period, the full-time employee will receive forty (40) hours of personal leave to be used before their first anniversary. On the anniversary of the employee's seniority date, the remaining hours earned during the prior twelve (12) months, up to eighty (80) hours, may be carried over for the following year. Upon termination, an employee who has successfully completed the probationary period shall be compensated for any unused personal leave accrued.

2. Sick Leave
   Full-time employees receive thirty (30) hours of sick leave after successfully completing the probationary period of one hundred and eighty (180) days. Thereafter, sick leave shall be earned at the rate of sixty (60) hours per year. Sick leave may be accumulated to a maximum of five hundred and twenty (520) hours. NOTE: Employees with a seniority date prior to December 31, 2013 may accumulate a maximum of nine hundred and sixty (960) hours. Upon termination an employee shall not be compensated for any unused sick leave accrued.

As of December 31, 2025, the District has no full time employees eligible for leave benefits. Therefore, no such accrual is recorded.

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2025, the District has cash and interest-bearing deposits (book balances) totaling $1,313,313.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances), must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 2025 are as follows:

Bank balances	$ 1,319,046
Federal deposit insurance	330,039
Pledged securities	989,007
Total federal insurance and pledged securities	$ 1,319,046

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 collateral securities that are in the possession of an outside party will not be recovered. The District has not formally adopted policies that limit allowable deposits or investments and address the specific type of risk to which the District is exposed. There are no policies formally adopted to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2025, deposits in the amount of $989,007 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not the District's name.

(3) Investments

Investments held at September 30, 2025 consist of $1,531,589 in the Louisiana Asset Management Pool (LAMP). 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, 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.

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, 2025, 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, 2025, taxes of 24.30 mills were levied on property with assessed valuations totaling $183,087,987 and were dedicated as follows:

District 2	
Maintenance and operations	8.37 Mills
Debt service	9.25 Mills
District 6	
Maintenance and operations	6.68 Mills

Total taxes assessed were $2,733,232.

(5) Tax Abatements

The District is subject to certain property tax abatements granted by the Louisiana Board of Commerce and Industry ("LBCI"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the District may be subject include those issued for property taxes under the Industrial Tax Exemption Program (“ITEP”) and the Restoration Tax Abatement Program (“RTAP”). For the year ended September 30, 2025, the District incurred abatements of ad valorem taxes through ITEP.

ITEP is authorized by Article 7, Section 21(F) of the Louisiana Constitution. Companies qualifying as manufacturers can apply to the LBCI for a property tax exemption on all new property, as defined, used in the manufacturing process. Under ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of $5 million. The exemptions are granted for a 5 year term and are renewable for an additional 5 year term upon approval by LBCI. These state-granted abatements have resulted in reductions of property taxes, which is administered as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement. For the year ended September 30, 2025, $44,574 of the District’s ad valorem tax revenues were abated by the state of Louisiana through ITEP.

(6) Capital Assets

Capital asset activity as of and for the year ended September 30, 2025 was as follows:

Governmental activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	$ 2,900,072	$ -	$ -	$ 2,900,072
Construction in progress	12,933,081	9,745	11,917,756	1,025,070
Total capital assets not being depreciated	15,833,153	9,745	11,917,756	3,925,142
Capital assets being depreciated:				
Buildings	440,804	-	-	440,804
Drainage improvements	14,602,002	-	-	14,602,002
Pumps, engines, and equipment	3,909,965	45,030	-	3,954,995
Pump station improvements	8,219,086	11,909,026	-	20,128,112
Vehicles	40,363	-	-	40,363
Total capital assets being depreciated	27,212,220	11,954,056	-	39,166,276
Less accumulated depreciation:				
Buildings	290,537	4,275	-	294,812
Drainage improvements	3,430,616	480,183	-	3,910,799
Pumps, engines, and equipment	3,034,635	77,416	-	3,112,051
Pump station improvements	5,551,784	706,614	-	6,258,398
Vehicles	40,363	-	-	40,363
Total accumulated depreciation	12,347,935	1,268,488	-	13,616,423
Total capital assets, being depreciated, net	14,864,285	10,685,568	-	25,549,853
Right to use assets (lease assets):				
Equipment	309,525	-	309,525	-
Less accumulated amortization for:				
Equipment	114,180	-	114,180	-
Right to use assets, net	195,345	-	195,345	-
Governmental activities capital assets, net	$ 30,892,783	$ 10,695,313	$ 12,113,101	$ 29,474,995

Depreciation expense in the amount of $1,268,488 was charged to drainage works.

In February 2025, the District exercised the non-appropriation clause of the lease for an excavator. The termination resulted in removal of right-to-use assets and lease liability which resulted in a gain on disposal of assets in the amount of $2,259.

(7) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at September 30, 2025 consist of the following:

Accounts payable	$ 61,609
Accrued salaries	3,264
Accrued payroll taxes	260
	$ 65,133

(8) Long-Term Liabilities

During year ended September 30, 2025, the following changes occurred in long-term debt:

Governmental activities	Balance 10/1/2024	Additions	Reductions	Balance 9/30/2025	Due Within One Year
Lease liabilities	$ 197,604	$ -	$ 197,604	$ -	$ -
Direct placements-					
G.O. refunding bonds, Series 2014	235,000	-	235,000	-	-
G.O. refunding bonds, Series 2017	2,395,000	-	395,000	2,000,000	465,000
G.O. bonds, Series 2017	5,580,000	-	135,000	5,445,000	340,000
Total long-term debt	$ 8,407,604	$ -	$ 962,604	$ 7,445,000	$ 805,000

Bonds Payable at September 30, 2025, is comprised of the following issue:

$3,130,000 General Obligation Refunding Bonds dated February 22, 2017; balance due in annual principal installments, starting March 1, 2023, of $360,000 - $535,000, plus semi-annual interest payments, through March 1, 2029, with interest at 3% to 4%.	$ 2,000,000
$6,115,000 General Obligation Bonds dated August 30, 2017; balance due in annual principal installments, starting March 1, 2019, of $65,000 - $565,000, plus semi-annual interest payments, through March 1, 2037, with interest at 2% to 4%.	5,445,000
Total general obligation and refunding bonds	7,445,000
Add: unamortized premiums on bonds	262,775
Total governmental activities	$ 7,707,775

The general obligation bond issue is secured by a pledge and dedication of a debt service bond millage of 9.25 and is being liquidated through the District's debt service fund.

The annual requirements to amortize all debt outstanding as of September 30, 2025 are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	805,000	268,988	1,073,988
2027	845,000	248,688	1,093,688
2028	885,000	209,038	1,094,038
2029	935,000	175,950	1,110,950
2030	435,000	144,638	579,638
2031-2035	2,430,000	467,986	2,897,986
2036-2040	1,110,000	44,800	1,154,800
	$ 7,445,000	$ 1,560,088	$ 9,005,088

(9) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints places on fund balance for the major governmental funds are presented as follows:

	General	Debt Service	Capital Project	Totals
Fund balances:				
Nonspendable -				
Prepaid expenditures	$ 65,010	$ -	$ -	$ 65,010
Restricted for -				
Debt service	-	1,049,810	-	1,049,810
Capital projects	-	-	-	-
Unassigned	1,741,872	-	(11,913)	1,729,959
Total fund balances	$ 1,806,882	$ 1,049,810	$ (11,913)	$ 2,844,779

(10) Compensation Paid to Board Members

For the year ended September 30, 2025, the following individuals served on the Board of Commissioners and received per diem as follows:

Larry	Aucoin	$ 65
Shannon	Boykin	260
Denise	Chaisson	65
Nelda	Dural	325
Don	Hicks	910
Tim	Matthews	845
Sidney	Michel, III	65
Matthew	Patureau	325
Paul	Rapmundt	325
Tyrone	Richardson	65
Charlie	Solar, Jr.	715
Glenn	Swain	195
Oscar	Toups	585
Leroy	Trim	195
Total		$ 4,940

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to a political subdivision head. The District's chief officer was Charlie Solar for the period October 1, 2024 through June 30, 2024 and Paul Rapmundt for the period July 1, 2025 through September 30, 2025. For the year ended September 30, 2025, with the exception of per diem, no other payments which would require disclosure were made to the District's chief officers, Charlie Solar and Paul Rapmundt.

(11) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The District is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended September 30, 2025. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(12) New Accounting Pronouncements

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

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the District's financial statements has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets.* The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the District's financial statements has not yet been determined.

(13) Error Corrections

During the fiscal year September 30, 2025, error corrections resulted in restatement of beginning net position and fund balance due to previously unrecorded accounts payable and a duplicate vendor payment made in error. The unrecorded payables and duplicate vendor payments relate to expenditures incurred during the year ended September 30, 2024. The effects of the restatement are as follows:

	As Previously Reported	Correction of Error	As Restated
Governmental Activities	$ 24,757,357	$ (49,203)	$ 24,708,154
General Fund	$ 1,580,612	$ (49,203)	$ 1,531,409

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2A
Morgan City, Louisiana

General Fund
Budgetary Comparison Schedule
Year Ended September 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
Revenues:				
Taxes	$ 1,350,534	$ 1,462,362	$ 1,463,236	$ 874
Intergovernmental	-	-	16,646	16,646
Interest earned	90,550	74,886	74,315	(571)
Miscellaneous	12,700	33,943	17,297	(16,646)
Total revenues	1,453,784	1,571,191	1,571,494	303
Expenditures:				
Current -				
Drainage works:				
Advertising	1,700	555	867	(312)
Bank Charges	-	-	820	(820)
Car and truck	-	-	613	(613)
Contract labor	176,400	110,805	166,009	(55,204)
Deductions from ad valorem taxes	36,450	47,353	47,354	(1)
Equipment rental	74,800	39,106	236,058	(196,952)
Insurance	93,500	122,088	110,172	11,916
Maintenance and repairs	433,400	486,654	229,730	256,924
Natural gas	135,210	110,859	50,126	60,733
Office supplies	62,400	14,293	13,354	939
Payroll tax expense	-	-	9,556	(9,556)
Per diem - board	4,660	5,017	4,940	77
Professional fees	181,300	194,603	181,215	13,388
Salaries and wages	175,850	152,773	128,493	24,280
Supplies	14,300	21,642	19,007	2,635
Utilities	-	-	51,662	(51,662)
Total drainage works	1,389,970	1,305,748	1,249,976	55,772
Capital outlay	51,483	87,783	46,045	41,738
Total expenditures	1,441,453	1,393,531	1,296,021	97,510
Net change in fund balance	12,331	177,660	275,473	97,813
Fund balance, beginning, as restated	1,531,409	1,531,409	1,531,409	-
Fund balance, ending	$ 1,543,740	$ 1,709,069	$ 1,806,882	$ 97,813

See independent auditor's report and notes to budgetary comparison schedule.

Notes to Budgetary Comparison Schedule

(1) Basis of Accounting

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

(2) Budgetary Practices

Annually, the District adopts a budget for all funds. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Formal budgetary integration is employed as a management control device during the year. Budget amounts included in the accompanying financial statements reflect originally adopted budget amounts and all subsequent amendments. All budgetary appropriations lapse at the end of each fiscal year. The level of budgetary control is set at the fund level.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

Of Counsel
C. Burton Kolder, CPA*

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022
Gerald A. Thibodeaux, Jr., CPA* - retired 2024

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

WWW.KCSRCPAS.COM

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

The Board of Commissioners
St. Mary Parish Consolidated Gravity Drainage District No. 2A
Morgan City, 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 and each major fund of St. Mary Parish Consolidated Gravity Drainage District No. 2A (hereinafter, the "District"), a component unit of the Parish of St. Mary, 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 April 29, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 have not been identified. However, we identified a deficiency in internal control that we consider to be a material weakness which is described in the accompanying schedule of audit results and findings as item 2025-001.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit results and findings as items 2025-002, 2025-003 and 2025-004.

District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
April 29, 2026

ST. MARY PARISH CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2A

Schedule of Audit Results and Findings
Year Ended September 30, 2025

Part I: Summary of Auditor's Results

Financial Statements

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

Opinion Unit	Type of Opinion
Governmental activities	Unmodified
Major funds:	
General	Unmodified
Debt Service	Unmodified
Capital Project	Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	✓	yes		no
Significant deficiency(ies) identified?		yes	✓	none reported

3. Noncompliance material to the financial statements? ✓ yes ___ no

Other

4. Management letter issued? ___ yes ✓ no

Part II: Findings reported in accordance with *Governmental Auditing Standards*

A. Internal Control

2025-001 – Inadequate Segregation of Duties

Year Initially Occurring: 2025

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 either annual financial statements or interim financial statements, or both.

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

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

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

B. Compliance

2025-002 – Publication of Written Minutes

Year Initially Occurring: 2025

CONDITION: The District failed to make timely publication of minutes of its public meetings.

CRITERIA: LA R.S. 42:11-28 et seq., "the Open Meetings Law", regulates meetings of public bodies. It is designed to ensure that decisions by public bodies are made in an open forum and that all interested persons be provided the right to observe deliberations of public bodies, except in cases established by law.

R.S. 42:20 notes that the minutes shall be public records and shall be available within a reasonable time after the meeting.

CAUSE: The condition results from the District's failure to furnish the minutes to its official journal in a timely manner.

EFFECT: The District may not be in compliance with the Open Meetings Law.

RECOMMENDATION: We recommend that the District prepare written minutes for all public meetings held and ensure that the minutes are furnished to the official journal for publication within a reasonable time after the meeting.

2025-003 – Mandatory Ethics and Sexual Harassment Training

Year Initially Occurring: 2024

CONDITION: Evidence of training for ethics and sexual harassment for certain employees/officials could not be obtained.

CRITERIA: LA R.S. 42:1170, "Ethics, education; mandatory requirements; ethics designee", A.(3) states, "Commencing on January 1, 2012, each public servant who was not required to complete education and training pursuant to Paragraph (1) or (2) of this Subsection shall receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of his public employment or term of office, as the case may be."

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2025

LA R.S. 42:343, "Preventing sexual harassment, mandatory training requirements", A.(1) states, "Each public servant shall receive a minimum of one hour of education and training on preventing sexual harassment during each full calendar year of his public employment or term of office, as the case may be.

CAUSE: The condition results from the District's failure to implement policies and procedures related to completion of ethics and sexual harassment training.

EFFECT: The District may not be in compliance with cited laws and regulations.

RECOMMENDATION: We recommend that the District adopt policies and procedures in place to ensure that all employees and officials obtain the required training in the future.

2025-004 – Late Report Submission

Year Initially Occurring: 2025

CONDITION: The report for the District's required engagement was not completed and submitted to the Office of the Louisiana Legislative Auditor within six months of year end.

CRITERIA: LA R.S. 24:513 et seq provides for the completion of required engagements within six months of the close of the entity's fiscal year.

CAUSE: The condition results from a failure to comply with statutory provisions.

EFFECT: The District is not compliant with RS 24:513.

RECOMMENDATION: We recommend that the District adopt policies and procedures in place to ensure its annual report is completed and submitted to the Louisiana Legislative Auditor within six month of year end.

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.

ST. MARY PARISH CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2A

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2025

A. Internal Control –

This section was not applicable.

B. Compliance –

2024-001 – Mandatory Ethics and Sexual Harassment Training

CONDITION: During our performance of the statewide agreed-upon procedures we selected five employees/officials to test the training requirement during 2024. Four of the five employees/officials selected for testing had not taken the training for 2024.

RECOMMENDATION: The District should put additional policies and procedures in place to ensure that all employees and officials obtain the required trainings in future years.

CURRENT STATUS: See schedule of audit results and findings item 2025-003

C. Uniform Guidance –

This section was not applicable.

D. Management Letter –

Not issued in the prior period.

APPENDIX A

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

St. Mary Parish Consolidated Gravity Drainage District 2A

COEC Port Building 7327 Hwy 182
Morgan City LA 70380

April 29, 2026

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

In connection with your audit of the financial statements of St. Mary Parish Consolidated Gravity Drainage District 2A as of and for the year ended September 30, 2025, we provide the following responses to reported internal control and compliance issues:

2025-001 - Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

2025-002 - Publication of Minutes

CONDITION: The District failed to make timely publication of minutes of its public meetings.

MANAGEMENT'S RESPONSE: The District will implement policies and procedures to ensure compliance with state statutes and regulations.

2025-003 - Mandatory Ethics and Sexual Harassment Training

CONDITION: Evidence of training for ethics and sexual harassment for certain employees/officials could not be obtained.

MANAGEMENT'S RESPONSE: The District will implement policies and procedures to ensure compliance with state statutes and regulations.

2025-004 - Late Report Submission

CONDITION: The report for the District's required engagement was not completed and submitted to the Office of the Louisiana Legislative Auditor within six months of year end.

MANAGEMENT'S RESPONSE: The District will implement policies and procedures to ensure compliance with state statutes and regulations.

We trust the foregoing adequately addresses the reported issues.

Paul Rapmundt, Chairman

ST. MARY PARISH CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2A

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2024 through September 30, 2025

KOLDER, SLAVEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
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183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

1428 Metro Dr.
Alexandria, LA 71301
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450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

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

The Board of Commissioners,
St. Mary Parish Consolidated Gravity Drainage District No. 2A
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2024 through September 30, 2025. The management of the St. Mary Parish Consolidated Gravity Drainage District No. 2A (hereinafter "District") is responsible for those control and compliance areas identified in the SAUPs.

An agreed-upon procedures engagement involves the performing of specific procedures that the District has agreed to and acknowledged to be appropriate on those control and compliance areas identified in the LLA's SAUPs for the fiscal period October 1, 2024 through September 30, 2025 and report on exceptions based upon the procedures performed. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. However, this report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

1) Written Policies and Procedures

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

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

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.

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

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).

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.

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.

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

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).

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.

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

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.

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.

2) Board or Finance Committee

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

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.

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.

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.

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.

3) Bank Reconciliations

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

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, 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.

4) Collections (excluding electronic funds transfers)

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

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).

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 agency fund additions, is (are) not also responsible for collecting cash, unless 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.

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

i. Observe that receipts are sequentially pre-numbered.

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.

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

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

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

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

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

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

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

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

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

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

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

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

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

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

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

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

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

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

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

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

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

Obtained management's representation that there were no travel or travel-related expense reimbursements during the fiscal period. Therefore, the procedures below are not applicable.

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

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

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

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

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

8) Contracts

Obtained management's representation that there were no agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Therefore, the procedures below are not applicable.

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

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

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

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

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

9) Payroll and Personnel

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

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

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

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

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

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

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

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

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

10) *Ethics*

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

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

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

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

11) Debt Service

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

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

12) Fraud Notice

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

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

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

13) Information Technology Disaster Recovery/Business Continuity

Category excluded from procedures in the current period as per criteria of the LLA's Statewide Agreed Upon Procedures, Version 7.

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

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

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

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

E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are a) hired before June 9, 2020 – completed training; and b) hired on or after June 9, 2020 – completed training within 30 days of initial service or employment.

14) Prevention of Sexual Harassment

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

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

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

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

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

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

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

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

Exceptions

Exceptions found as a result of applying the procedures listed above are as follows:

Written Policies and Procedures

1. The District does not have written policies and procedures that address receipts/collections or information technology disaster recovery/business continuity.

2. Written policies and procedures for purchasing do not address (2) how vendors are added to the vendor list.

3. Written policies and procedures for contracting do not address (3) legal review.

4. Written policies and procedures for travel and expense reimbursement do not address (2) dollar thresholds by category of expense.

5. Written policies and procedures for debt service do not address (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, or (4) debt service requirements.

6. Written policies and procedures for prevention of sexual harassment do not address (3) annual reporting.

Ethics

7. Documentation evidencing completion of ethics training could not be obtained for four (4) of the five (5) employees/officials selected.

8. The District did not appoint an ethics designee as required by R.S. 42:1170.

Prevention of Sexual Harassment

9. The District's sexual harassment policy and complaint procedures are not posted on the premises.

10. The District did not prepare the annual sexual harassment report as required by R.S. 42:344.

11. Documentation evidencing completion of sexual harassment training could not be obtained for four (4) of the five (5) employees/officials selected.

Management's Response

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
April 29, 2026