

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
OF WARD 3 OF ST. LANDRY PARISH
ARNAUVILLE, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Consolidated Gravity Drainage District No. 1
of Ward 3 of St. Landry Parish
Arnaudville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish, a component unit of the St Landry Parish Government as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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The Board of Commissioners
Consolidated Gravity Drainage District No. 1
of Ward 3 of St. Landry Parish
Arnaudville, Louisiana
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish, as of December 31, 2019, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 18-19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits and other payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements. This schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Board of Commissioners
Consolidated Gravity Drainage District No. 1
of Ward 3 of St. Landry Parish
Arnaudville, Louisiana
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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2020, on our consideration of Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish'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 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 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 Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated June 23, 2020 on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



Opelousas, Louisiana
June 23, 2020

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2019

GOVERNMENTAL ACTIVITIES

ASSETS

Cash in bank	\$ 185,760
Investments	4,725,677
Accrued interest receivable	31,237
Property taxes receivable, net	743,256
Capital assets, net	226,173
<u>Total assets</u>	<u>5,912,103</u>

LIABILITIES

Accounts payable	2,164
Salaries payable	1,976
Payroll tax payable	1,991
<u>Total liabilities</u>	<u>6,131</u>

NET POSITION

Net investment in capital assets	226,173
Unrestricted	5,679,799
<u>Total net position</u>	<u>5,905,972</u>

The accompanying notes are an integral part of this statement.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

NET (EXPENSES) REVENUES AND
CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES

ACTIVITIES

Governmental Activities

General and Administrative	<u>\$ (332,654)</u>
<u>Total governmental activities</u>	<u>(332,654)</u>
General Revenues	
Property taxes	751,144
Miscellaneous	7,751
Interest income	39,341
Loss on sale of assets	<u>(142,491)</u>
<u>Total general revenues</u>	<u>655,745</u>
Change in net position	323,091
Net position - January 1, 2019	<u>5,582,881</u>
Net position – December 31, 2019	<u><u>5,905,972</u></u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUVILLE, LOUISIANA
BALANCE SHEET – GOVERNMENTAL FUND
DECEMBER 31, 2019

ASSETS

Cash	\$ 185,760
Investments	4,725,677
Accrued interest receivable	31,237
Property taxes receivable, net	<u>743,256</u>
<u>Total assets</u>	<u><u>5,685,930</u></u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND FUND EQUITYLIABILITIES

Accounts payable	\$ 2,164
Salaries payable	1,976
Payroll tax payable	<u>1,991</u>
<u>Total liabilities</u>	<u><u>6,131</u></u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenues - property taxes	<u>17,617</u>
<u>Total deferred inflows of resources</u>	<u><u>17,617</u></u>

FUND EQUITY

Fund balance	
Committed	12,000
Unassigned	<u>5,650,182</u>
<u>Total fund equity</u>	<u><u>5,662,182</u></u>
<u>Total liabilities and fund balance</u>	<u><u>5,685,930</u></u>

The accompanying notes are an integral part of this statement.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND'S BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019

Total fund balance for the Governmental Fund at December 31, 2019	\$ 5,662,182
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The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds.	17,617
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Cost of capital assets at December 31, 2019	\$ 515,700	
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Less: Accumulated depreciation as of December 31, 2019	(289,527)	226,173
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Net position at December 31, 2019	5,905,972	
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The accompanying notes are an integral part of this statement.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES

Taxes	
Property taxes	\$ 754,074
Miscellaneous	7,751
Interest income	39,341
<u>Total revenues</u>	<u>801,166</u>

EXPENDITURES

Current	
General and administrative	
Bank service charge	120
Beaver trapping	160
Engineering assistance	1,000
Equipment rental	51,082
Fuel and oil	28,779
Insurance	56,472
Labor	91,656
Legal publications	251
Miscellaneous	5,211
Office expense	3,600
Payroll tax	8,547
Per diem	11,704
Professional fees	9,550
Rent	3,600
Repairs and maintenance	19,683
Salaries	5,700
Uniforms	243
<u>Total expenditures</u>	<u>297,358</u>

EXCESS OF REVENUES OVER EXPENDITURES 503,808

OTHER FINANCING SOURCES

Sale of assets	<u>325,031</u>
<u>Total other financing sources</u>	<u>325,031</u>

NET CHANGE IN FUND BALANCE 828,839

FUND BALANCE, beginning of year 4,833,343

FUND BALANCE, end of year 5,662,182

The accompanying notes are an integral part of this statement.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUVILLE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Total net change in fund balance for the year ended December 31, 2019, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 828,839
Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.	(2,930)
Depreciation expense for year ended December 31, 2019	(35,296)
The net effect of various transactions involving capital assets to decrease net position	<u>(467,522)</u>
Total change in net position for the year ended December 31, 2019, per Statement of Activities	<u><u>323,091</u></u>

The accompanying notes are an integral part of this statement.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish, Arnaudville, Louisiana, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent subsection of this note.

The following is a summary of certain significant accounting policies and practices of the District.

A. FINANCIAL REPORTING ENTITY

The Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish was established for the purpose of opening and maintaining all natural drains in the District, where drainage is accomplished using the natural force of gravity.

As the governing authority of the parish, for reporting purposes, the St. Landry Parish Government is the financial reporting entity for St. Landry Parish. The financial reporting entity consists of (a) the primary government (parish government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards establish criteria for determining which component units should be considered part of the St. Landry Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

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

B. BASIS OF PRESENTATION

Government-wide Financial Statements (GWFS). The Statement of Net Position and the Statement of Activities display information on all of the nonfiduciary activities of the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish, as a whole. They include all funds of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The accounts of the District are organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The funds of the District are classified into one category – governmental. 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 District 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.

The District reports the following major governmental fund:

Governmental Fund

General Fund. The General Fund is the general operating fund of the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish. It is used to account for all financial resources except those required to be accounted for in other funds.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

Measurement Focus (Continued)

- b. The government-wide financial statements utilize an "economic resources" measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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 of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Louisiana are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Purchase of various operating supplies are regarded as expenditures at the time purchased. The costs of governmental fund-type inventories are recorded as expenditures when purchased and items on hand at year-end, if any, are not recorded as assets. Expenditures for insurance and similar services which extend over more than one accounting period are accounted for as expenditures of the period of acquisition.

Equity Classifications

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

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

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

Equity Classifications (Continued)

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance reports aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

1. Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions for enabling legislation.
2. Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Commissioners – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Commissioners removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
3. Assigned fund balance – This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
4. Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

D. BUDGETS AND BUDGETARY ACCOUNTING

The District is required by state law to adopt an annual budget for its General Fund. The budget is prepared on a modified accrual basis. The Board of Commissioners may authorize revisions requiring alteration of levels of expenditures. Operating appropriations lapse at year-end.

The operating budget was adopted at a meeting held on December 4, 2018. The final budget was adopted at a meeting held on December 3, 2019.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ENCUMBRANCES

Encumbrance accounting is not used by the Drainage District.

F. INVESTMENTS AND CASH

Investments are stated at cost or amortized cost, which approximates market.

Louisiana statutes authorize the District to invest in United States bonds, treasury notes or certificates of deposit in state and national banks, or any other federally insured investment.

G. FIXED ASSETS

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

Prior to GASB No. 34, governments were not required to report general infrastructure assets. Although now required to capitalize infrastructure, the District, due to the nature of its operations, did not have infrastructure expenditures. Also, interest costs during construction are not capitalized.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment	5 - 25 years
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H. PENSION PLANS

The Drainage District does not have a pension plan. The employees of the Drainage District participate in the Social Security Retirement System.

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until that time.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

Property taxes and state revenue sharing receivable for the governmental fund types, which have been remitted within 60 days subsequent to the year-end, are considered measurable and available and recognized as revenues. All other property taxes and state revenue sharing are offset by deferred inflows of resources and, accordingly, have not been recorded as revenue.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

2. CASH AND INVESTMENTS

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 will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk, however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposits in the amount of \$3,103,824 were exposed to custodial credit risk. These deposits are uninsured and collateralized with a line of credit with Federal Home Loan Bank and securities held by the pledging institution's trust department or agent, but not in the District's name.

Bank balances	<u>\$ 4,914,439</u>
Federal deposit insurance	\$ 688,762
Pledged securities	<u>4,225,677</u>
Total FDIC insurance and collateral	<u>4,914,439</u>

3. PROPERTY TAXES

The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Property taxes are due on October 1 and become delinquent by January 1 of the following year. The St. Landry Parish Sheriff bills, collects, and distributes the property taxes for the District using the assessed values determined by the tax assessor of St. Landry Parish.

For the year ended December 31, 2019, a tax millage of 9.34 was assessed for maintenance. As per state requirements, each taxing district of the parish must remit a portion of total ad valorem taxes per the tax roll to the pension fund. This amount is determined by the legislative auditor each year. Since the Sheriff collects all taxes for the parish, the tax collected in the first month is reduced by the Sheriff for the pension fund amount owed and the remainder is remitted to the taxing district. Therefore, property taxes are shown net of pension fund distributions as follows:

	<u>Total Tax Per Roll</u>	<u>Pension Fund Requirements</u>	<u>Property Tax Receivable</u>
General Fund	\$ 780,306	\$ (24,215)	\$ 756,091

4. PROPERTY TAXES RECEIVABLE

An estimated allowance for uncollectible property tax has been set up based on prior years' experience. A breakdown of property taxes receivable as of December 31, 2019, is as follows:

	<u>Taxes Receivable</u>	<u>Estimated Uncollectible</u>	<u>Collections in December</u>	<u>Net Taxes Receivable</u>
General Fund	\$ 756,091	\$ (2,728)	\$ (10,107)	\$ 743,256

Governmental funds report deferred revenue in connection with receivables for revenues over 60 days that are not considered to be available to liquidate liabilities of the current period.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

5. CAPITAL ASSETS AND DEPRECIATION

Capital assets and depreciation activity as of and for the year ended December 31, 2019, for the District are as follows:

	<u>Balances</u> <u>1/1/2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u> <u>12/31/2019</u>
Governmental activities				
Equipment	\$1,069,800	\$ -	\$ (554,100)	\$515,700
<u>Totals at historical cost</u>	<u>1,069,800</u>	<u>-</u>	<u>(554,100)</u>	<u>515,700</u>
Less accumulated depreciation				
Equipment	(340,809)	(35,296)	86,578	(289,527)
<u>Total accumulated depreciation</u>	<u>(340,809)</u>	<u>(35,296)</u>	<u>86,578</u>	<u>(289,527)</u>
Governmental activities				
Capital assets, net	<u>728,991</u>	<u>(35,296)</u>	<u>(467,522)</u>	<u>226,173</u>

6. OPERATING LEASES

On July 2, 2019, the District entered into an operating lease for a Caterpillar 330-07 The lease is for a period of four years and requires annual payments of \$51,082. Rental expenditures for 2019 were 51,082.

Future minimum lease payments are as follows:

2020	\$ 51,082
2021	51,082
2022	<u>51,082</u>
	<u>153,246</u>

Rental expenditures under all operating leases were approximately \$ 54,682.

7. PER DIEM AND MILEAGE

Per diem and mileage paid to board members are summarized below:

<u>Board Members</u>	<u>2019</u>
Creighton Dugas	\$ 2,434
Donald Meche	2,419
Teddy Stelly	2,222
Kenneth Olivier	2,222
Keith Richard	<u>2,407</u>
Total	<u>11,704</u>

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

8. DEFICITS IN INDIVIDUAL FUND

The District did not have a deficit fund balance at December 31, 2019.

9. RESERVES OF FUND EQUITY

Per the board meeting held on April 3, 2003, the District shall hold in reserve \$12,000 of property tax revenue for a liability that may result from property taxes paid under protest.

10. SUBSEQUENT EVENTS

Subsequent events were evaluated through June 23, 2020, which is the date the financial statements were available to be issued. As of June 23, 2020, there were no subsequent events noted.

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The District does not provide any post-employment benefits to retirees and therefore is not required to report under GASB No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

12. FUND BALANCE CONSTRAINTS

The following is a summary of the fund balances of the District for the year ended December 31, 2019:

<u>General Fund</u>	
Committed	
Property taxes paid under protest	\$ 12,000
Unassigned	<u>5,650,182</u>
Total General Fund balance	<u><u>5,662,182</u></u>

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>GENERAL FUND</u>			<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<u>REVENUES</u>				
Taxes				
Property taxes	\$ 800,000	\$ 760,000	\$ 754,074	\$ (5,926)
Interest income	9,200	4,700	39,341	34,641
Miscellaneous	-	7,751	7,751	-
<u>Total revenues</u>	<u>809,200</u>	<u>772,451</u>	<u>801,166</u>	<u>28,715</u>
<u>EXPENDITURES</u>				
Current				
General and administrative				
Bank service charge	120	120	120	-
Beaver trapping	1,500	160	160	-
Contract labor	5,000	-	-	-
Engineering assistance	1,000	1,000	1,000	-
Excavator lease payments	-	-	51,082	(51,082)
Fuel and oil	45,000	29,816	28,779	1,037
Insurance	60,100	56,472	56,472	-
Labor	145,000	91,824	91,656	168
Legal publications	100	132	251	(119)
Medicare	3,000	1,572	1,492	80
Miscellaneous	1,235	3,535	5,211	(1,676)
Office expense	3,600	3,600	3,600	-
Per diem	13,000	11,704	11,704	-
Professional fees	11,500	9,590	9,550	40
Rent	3,600	3,600	3,600	-
Repairs and maintenance	15,000	24,531	19,683	4,848
Salary - Secretary/Treasurer	5,700	5,700	5,700	-
Social security	12,000	6,766	6,422	344
Unemployment taxes	1,500	942	633	309
Uniforms	-	243	243	-
Capital outlay	50,000	51,082	-	51,082
<u>Total expenditures</u>	<u>377,955</u>	<u>302,389</u>	<u>297,358</u>	<u>5,031</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>431,245</u>	<u>470,062</u>	<u>503,808</u>	<u>33,746</u>

Continued on next page
See Independent Auditor's Report.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE – (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
<u>OTHER FINANCING SOURCES</u>				
Sale of assets	\$ -	\$ 325,031	\$ 325,031	\$ -
	<u>-</u>	<u>325,031</u>	<u>325,031</u>	<u>-</u>
 <u>NET CHANGE IN FUND BALANCE</u>	 <u>431,245</u>	 <u>795,093</u>	 828,839	 <u>33,746</u>
<u>FUND BALANCE</u> , beginning of year			<u>4,833,343</u>	
<u>FUND BALANCE</u> , end of year			<u>5,662,182</u>	

See Independent Auditor's Report.

OTHER SUPPLEMENTARY INFORMATION

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
DECEMBER 31, 2019

Agency Head Name: Kenneth Olivier, President

<u>Purpose</u>	<u>Amount</u>
Salary	\$2,200
Benefits-insurance	0
Benefits-retirement	0
Benefits	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	22
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0

See Independent Auditor's Report.

RELATED REPORTS

James L. Nicholson, Jr., CPA
 Michael A. Roy, CPA
 Lisa Trouille Manuel, CPA
 Dana D. Quebedeaux, CPA



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 G. Kenneth Pavy, II, CPA - 2020

Van L. Auld, CPA

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
 Consolidated Gravity Drainage District No. 1
 of Ward 3 of St. Landry Parish
 Arnaudville, 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 the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 23, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness, listed as item 2019-1.

The Board of Commissioners
Consolidated Gravity Drainage District No. 1
of Ward 3 of St. Landry Parish
Arnaudville, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Consolidated Gravity Drainage District 1 of Ward 3 of St. Landry Parish's Response to Findings

The Consolidated Gravity Drainage District 1 of Ward 3 of St. Landry Parish's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the use of the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish, its Commissioners and the appropriate regulatory agency and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Opelousas, Louisiana
June 23, 2020

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish.
2. No significant deficiency and one material weakness relating to the audit of the financial statements were reported in the 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.
3. No instances of noncompliance relating to the audit of the financial statements were reported in the 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.
4. No management letter was issued for Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish as of and for the year ended December 31, 2019.
5. There was no single audit required under The Uniform Guidance.

B. 2019 FINDINGS- FINANCIAL STATEMENT AUDIT

Internal Control Material to the Financial Statements

2019-1 Inadequate Segregation of Accounting Duties

Condition: Due to the small number employees, Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish does not have adequate segregation of duties within the accounting system. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion.

Criteria: Accounting duties should be performed by different individuals.

Cause: Due to the small number of accounting personnel, the Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish did not have adequate segregation of duties within the accounting system.

Effect: Accounting functions are not segregated, and it is important that you are aware of this condition because errors or fraud could occur and not be detected.

Recommendation: A system of internal control procedures should be established in order to mitigate the problem of having such a small number of employees performing the daily operating activities.

Management Response: The District believes that the cost to hire additional accounting personnel is not cost beneficial based upon the size of the District's operations.

C. FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARDS PROGRAM AUDIT

N/A

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
DECEMBER 31, 2019

SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2018-1 Inadequate Segregation of Accounting Functions - Unresolved

SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

SECTION III – MANAGEMENT LETTER

None

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**INDEPENDENT ACCOUNTANT'S REPORT
 ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners
 Consolidated Gravity Drainage District No. 1
 of Ward 3 of St. Landry Parish
 Arnaudville, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of Consolidated Gravity Drainage District No. 1 of Ward 3 of St. Landry Parish (District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
The District does not have any written policies and procedures that address the functions noted above.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
The District does not have any written policies and procedures that address the functions noted above.
 - c) **Disbursements**, including processing, reviewing, and approving
The District does not have any written policies and procedures that address the functions noted above.

To the Board of Commissioners
 Consolidated Gravity Drainage District No. 1
 of Ward 3 of St. Landry Parish
 Page 2

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

The District does not have any written policies and procedures that address the functions noted above.

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

The District does not have any written policies and procedures that address the functions noted above.

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

The District does not have any written policies and procedures that address the functions noted above.

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

The District does not have credit cards, debit cards, fuel cards or P-cards.

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

The District does not have any written policies and procedures that address the functions noted above.

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

The District does not have any written policies and procedures that address the functions noted above.

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

The District does not have debt service.

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

The District does not have disaster recovery/business continuity policies.

Collections

2. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (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).

There is only one deposit site and obtained management's representation that the listing is complete.

3. 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:

There is only one collection location and obtained management's representation that the listing is complete. The District does not have written policies and procedures related to job duties for collections of cash. Upon inquiry of the employee (secretary), the job duties are not properly segregated at the collection location.

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

The secretary is the only employee that is responsible for cash collections. There are no cash registers or drawers.

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

The employee responsible for collecting cash is also responsible for preparing/making bank deposits.

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

The employee responsible for collecting cash is responsible for posting collection entries to the general ledger.

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

There is no formal process for reconciling cash collections to the general ledger by revenue sources. The employee collecting cash is responsible for reconciling the bank statements and recording all general ledger transactions monthly.

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

Upon inquiry of management, the employee who has access to cash is covered by a bond.

To the Board of Commissioners
 Consolidated Gravity Drainage District No. 1
 of Ward 3 of St. Landry Parish
 Page 4

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

There was a total of two deposits tested based on the above criteria.

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

The District does not have pre-numbered receipts or a receipt book.

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

No exceptions noted.

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

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Of the two deposits tested, no exceptions noted.

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

No exceptions noted.

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

6. 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).

The District processes payments at one location and obtained management's representation that the listing is complete.

7. For each location selected under #6 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Obtained a listing of employees involved with non-payroll purchasing and payment functions. The District does not have written policies or procedures relating to employee job duties. Upon inquiry of the secretary, the employee job duties are not properly segregated.

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

Only one employee is involved in initiating a purchase request and placing an order/making the purchase. The purchase request is approved by the board members at the monthly board meetings.

To the Board of Commissioners
 Consolidated Gravity Drainage District No. 1
 of Ward 3 of St. Landry Parish
 Page 5

- b) At least two employees are involved in processing and approving payments to vendors.
One employee processes the payments to vendors and the board members approve the payments at the monthly board meetings. No exceptions noted.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
All purchases are recorded on the general ledger sheets by the secretary and can be modified. There are no vendor files kept by the District.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
The checks require a dual signature by the employee responsible for processing the payments and a board member with signature authority. The payment is mailed by the employee only.

8. For each location selected under #6 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Obtained the District's non-payroll disbursement transaction population and management's representation that the population is complete.

- a) Observe that the disbursement matched the related original invoice/billing statement.
Of the five disbursements tested, no exceptions noted.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #7, as applicable.
The selected disbursements were approved by the board members at the monthly board meetings. No exceptions noted.

Contracts

9. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Obtained a listing of all agreements/contracts that were initiated or renewed during the fiscal period from management and management's representation that the listing is complete. Only two contracts were entered into during the fiscal period.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
None of the contracts selected were required to be bided out in accordance with the Louisiana Public Bid Law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
The contracts were approved by the board members at the monthly board meetings.

To the Board of Commissioners
Consolidated Gravity Drainage District No. 1
of Ward 3 of St. Landry Parish
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- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

None of the contracts selected were amended.

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

Obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract. No exceptions noted.

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

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



Opelousas, Louisiana
June 23, 2020

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1 OF WARD 3 OF ST. LANDRY PARISH
ARNAUDVILLE, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2019

Management's responses to the following agreed-upon procedure sections:

Written Policies and Procedures

1. a) Budgeting
- b) Purchasing
- c) Disbursements
- d) Receipts/Collections
- e) Payroll/Personnel
- f) Contracting
- h) Travel and expense reimbursement
- i) Ethics
- k) Disaster Recovery/Business Continuity

Management's Response: A written policy and procedures manual will be developed in the future. Due to limited resources, this will be a long-term project.

Collections

3. b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
3. c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
3. d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Management's Response: Segregation of duties within the accounting system is not economically feasible.

Non-Payroll Disbursements

7. a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
7. c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
7. d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Management's Response: Segregation of duties within the accounting system is not economically feasible.