

ST. MARY LEVEE DISTRICT

FINANCIAL REPORT

For the Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
 St. Mary Levee District
 Morgan City, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of St. Mary Levee District (District), as of and for the year ended December 31, 2017, 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedule of funding progress related to other postemployment benefits on pages 27 and 28 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 the 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits and other payments to executive director and the schedule of compensation paid to board members are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to executive director and the schedule of compensation paid to board members are the responsibility of management and were 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to executive director and the schedule of compensation paid to board members are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 District's internal control over financial reporting and compliance.

Darnall, Sikes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
June 27, 2018

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. MARY LEVEE DISTRICT

Statement of Net Position
December 31, 2017

ASSETS

Current assets

Cash	\$ 9,165,015
Taxes receivable (net of allowance for uncollectible taxes)	2,635,388
Due from other governmental units	1,171,958
Prepaid expenses	<u>16,464</u>

Total current assets 12,988,825

Noncurrent assets

Nondepreciable capital assets	4,126,560
Depreciable capital assets, net of accumulated depreciation	<u>5,227,593</u>

Total noncurrent assets 9,354,153

TOTAL ASSETS \$ 22,342,978

LIABILITIES AND NET POSITION

Current liabilities

Accounts payable	\$ 6,650
Accrued payroll taxes	2,712
Contracts payable	57,195
Due to other governmental units	<u>3,560,000</u>

Total current liabilities 3,626,557

Long-term liabilities

Other postemployment benefit obligation	<u>27,678</u>
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TOTAL LIABILITIES 3,654,235

Net position

Net investment in capital assets	9,354,153
Unrestricted	<u>9,334,590</u>

Total net position 18,688,743

TOTAL LIABILITIES AND NET POSITION \$ 22,342,978

The accompanying notes are an integral part of this statement.

ST. MARY LEVEE DISTRICT

Statement of Activities
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Capital Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
Flood protection	\$ 1,356,662	\$ 1,900	\$ 1,210,893	\$ (143,869)
General Revenues:				
Ad valorem taxes				2,704,382
Interest and investment earnings				11,189
Miscellaneous				993
Rents and royalties				991
Special item:				
Gain on sale of assets				<u>1,266</u>
Total general revenues and special item				<u>2,718,821</u>
Change in net position				2,574,952
Net position - beginning (as restated)				<u>16,113,791</u>
Net position - ending				<u>\$ 18,688,743</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

ST. MARY LEVEE DISTRICT

Balance Sheet
Governmental Fund
December 31, 2017

	<u>General Fund</u>
ASSETS	
Current assets	
Cash	\$ 9,165,015
Taxes receivable (net of allowance for uncollectible taxes)	2,635,388
Due from other governmental units	<u>1,171,958</u>
Total current assets	<u>\$ 12,972,361</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Current liabilities	
Accounts payable	\$ 6,650
Accrued payroll taxes	2,712
Contracts payable	57,195
Due to other governmental units	<u>3,560,000</u>
Total current liabilities	3,626,557
Deferred inflows of resources	410,183
Fund balance	
Unassigned	<u>8,935,621</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 12,972,361</u>

The accompanying notes are an integral part of this statement.

ST. MARY LEVEE DISTRICT

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2017

Fund balance - governmental fund	\$ 8,935,621
Total net position reported for governmental activities in the statement of net position is different because:	
Revenues that are not considered available are not financial resources and, therefore, are not reported in the governmental fund.	410,183
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	9,354,153
Prepaid expenses involve the payment of obligations that are attributable to fiscal periods beyond the end of the current fiscal year with current financial resources and, therefore, are not reported in the governmental fund.	16,464
Long-term liabilities, which include other postemployment benefit obligations, are not due and payable in the current period and, therefore, are not reported in the governmental fund.	<u>(27,678)</u>
Net position of governmental activities	<u>\$ 18,688,743</u>

The accompanying notes are an integral part of this statement.

ST. MARY LEVEE DISTRICT

Statement of Revenues, Expenditures, and Changes in
Fund Balance – Governmental Fund
For the Year Ended December 31, 2017

	<u>General Fund</u>
Revenues	
Taxes - ad valorem	\$ 2,692,551
Interest income	11,189
Intergovernmental	
Federal sources	5,891,257
Permits	1,900
Rents and royalties	991
Other income	<u>993</u>
Total revenues	8,598,881
Expenditures	
Current -	
Flood protection:	
General administrative	214,919
Insurance	57,619
Levee maintenance	374,751
Personal services	133,457
Professional services	325,809
Rental	57,665
Supplies and materials	18,394
Travel	2,525
Utilities	9,436
Capital outlay	<u>393,620</u>
Total expenditures	<u>1,588,195</u>
Excess of revenues over expenditures	7,010,686
Other financing sources	
Sale of capital assets	<u>3,600</u>
Change in fund balance	7,014,286
Fund balance, beginning (as restated)	<u>1,921,335</u>
Fund balance, ending	<u><u>\$ 8,935,621</u></u>

The accompanying notes are an integral part of this statement.

ST. MARY LEVEE DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2017

Net change in fund balance - governmental fund	\$ 7,014,286
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues that are considered available provide current financial resources to governmental funds; however, in the statement of activities, revenues that are not considered available are reported. This is the difference between prior year and current year revenues that were not considered available.	(4,668,533)
Certain expenditures of the governmental fund involve the payment of current financial resources for obligations attributable to fiscal periods following the close of the current fiscal period. The portion of payments for insurance coverage attributable to periods after December 31, 2017 are classified as prepaid expenses in the statement of net position. This is the difference between prior year and current year accruals.	1,568
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	236,743
In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold as of the date of the sale.	(2,334)
Other postemployment benefit obligations do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.	<u>(6,778)</u>
Change in net position of governmental activities	<u>\$ 2,574,952</u>

The accompanying notes are an integral part of this statement.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

INTRODUCTION

St. Mary Levee District (District) was created on July 1, 2007 by Act No. 259 in the 2007 Regular Session of the Louisiana Legislature, as a political subdivision of the State of Louisiana (State). The District consists of all lands in St. Mary Parish. The management and control of the District is vested in a Board of Commissioners (Board) appointed by the Governor from a list of nominees submitted by the St. Mary Parish Council and local state legislators. In addition to any other powers and duties provided by law, the primary duty of the Board shall be to establish, construct, operate, and maintain flood control works as they relate to hurricane protection, tidewater flooding, saltwater intrusion, and conservation. The Board has the authority to issue bonds and levy taxes on all property within the District.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513, the *Louisiana Governmental Audit Guide*. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of certain significant accounting policies:

Financial Reporting Entity

GASB Statement No. 14, *The Financial Reporting Entity*, has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity and other reporting relationships. The basic criterion for including a potential component unit within the reporting entity is financial accountability. GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

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

The District is considered a related organization of the State. Although the Governor appoints the governing board, the State does not have a financial benefit or burden relationship with the District. Because the State does not have financial accountability for the District, the District is excluded from the reporting entity of the State. The nature of the State's relationship with the District is disclosed in the State's audited financial statements.

The accompanying financial statements present information only on the fund maintained by the District and do not present information on the State.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements (individual major funds).

The government-wide financial statements report information on all of the activities of the government. 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 having a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include operating and capital grants received from federal and state agencies and charges for services including permits and letters-of-no-objection. Taxes and items not properly included among program revenues are reported as *general revenues*.

A separate financial statement is provided for the governmental fund.

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. Ad valorem taxes are recognized as revenues in the year in 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 as soon enough thereafter to pay liabilities for 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 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 so 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 the taxpayers. Other major revenues that are considered susceptible to accrual include intergovernmental revenues.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District has the following fund type:

Governmental Fund –

The focus of the governmental fund’s 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 governmental fund of the District:

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. The General Fund is always a major fund.

Capital Assets

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

Government-wide Financial Statements:

In the government-wide financial statements, capital assets are accounted for as noncurrent assets. All capital assets purchased or acquired with an original cost of \$1,000 or greater are reported at historical cost or estimated historical cost for assets for which historical cost is not available. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized while 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:

Computers	3 years
Machinery and Equipment	5 years
Vehicles, Office Equipment, and Furniture	7 years
Improvements other than buildings	20 years
Bridges	20 years
Buildings	40 years
Barge Structures and Sheet Pile Systems	40 years

Fund Financial Statements:

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

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications

Government-wide Financial Statements:

Net position represents the difference between assets and liabilities. Net position is reported in three categories, as follows:

- a. Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position items with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – consists of the net amount of assets and liabilities that do not meet the definition of the above two components and is available for general use by the District.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District applies restricted net position first.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balances are classified as follows:

Non-spendable – Includes amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Includes amounts that can be used only under constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or under constraints that are imposed by law through constitutional provisions or enabling legislation.

Committed – Includes amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the District's Board of Commissioners. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the District's Board of Commissioners.

Assigned – Includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned – Includes all other spendable amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive classification first when there is more than one classification available.

Deferred Inflows of Resources

Ad valorem taxes levied at December 31, 2017 totaling \$127,939 and reimbursements due from the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) totaling \$282,244 are not considered to be available to finance operations of the current period and are reported as deferred inflows of resources. These revenues are recognized as operating revenues when they become available.

Compensated Absences

Employees of the District earn from ten to fifteen days of vacation leave each year based on length of service. Vacation leave must be used in the year earned with the exception of one week of unused vacation which may be taken ninety days into the following calendar year. Employees of the District earn ten days of sick leave per year, with the ability to accrue a maximum of twenty days of sick leave after two years of service. Unused sick time is not accrued and is not a compensable item upon an employee's termination from employment.

Use of Estimates

The District uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures or expenses, as appropriate.

Subsequent Events

The District has evaluated subsequent events through June 27, 2018, the date the financial statements were available to be issued.

Net Other Postemployment Benefit Obligations

The District applies the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This pronouncement requires the District to calculate and recognize a net *other postemployment benefit* (OPEB) obligation or asset at year end. The net OPEB obligation or asset is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since January 1, 2017. See Note 6 for further details.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 2 CASH

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 the United States bonds, notes or bills as well as certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The carrying value of the District's cash and interest-bearing deposits with financial institutions at December 31, 2017 totaled \$9,165,015 and the bank balance was \$9,171,561. Federal deposit insurance covered \$250,000 of the deposits while the remaining deposits were covered by collateral held by the pledging bank's agent in the District's name in the amount of \$9,909,668. Cash and interest-bearing deposits are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Louisiana R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 AD VALOREM TAXES

Ad valorem taxes are levied in September or October and are actually billed to taxpayers in November or December. These taxes attach as an enforceable lien on property as of January 1st of each year. Billed taxes become delinquent on January 1st of the following year. The St. Mary Parish Tax Collector bills and collects property taxes for the District using the assessed values determined by the St. Mary Parish Assessor. District property tax revenues are budgeted in the year billed.

For the year ended December 31, 2017, 5.00 mills were authorized and dedicated for the purpose of acquiring, constructing, maintaining, and operating hurricane protection facilities within the District.

Total taxes levied during 2017 were \$2,756,604. Taxes receivable at December 31, 2017 consisted of \$2,660,396 for the 2017 assessment, of which approximately 0.94 percent or \$25,008 was considered uncollectible.

NOTE 4 DUE FROM AND TO OTHER GOVERNMENTAL UNITS

The amount due from other governmental units at December 31, 2017, consisted of unpaid reimbursements of \$541,958 from FEMA for expenses incurred relating to the flood event of 2016 and unpaid reimbursements of \$630,000 from the State of Louisiana's Office of Facility Planning and Control relating to funding for the Franklin Canal Pump Station.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 4 DUE FROM AND TO OTHER GOVERNMENTAL UNITS (CONTINUED)

The amount due to other governmental units at December 31, 2017, consisted of \$2,170,000 from an obligation to refund the Coastal Protection and Restoration Authority (CPRA) for funding that CPRA provided to the District for flood fighting in connection with the threat of flooding from the Mississippi River, the Atchafalaya River, and related bodies of water in May 2011. The remaining balance due to other governmental units of \$1,390,000 is also due to the CPRA for funding that CPRA provided in connection with the Franklin Canal Pump Station construction project completed during the year ended December 31, 2015.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 3,709,182	\$ 393,620	\$ -	\$ 4,102,802
Land	<u>23,758</u>	<u>-</u>	<u>-</u>	<u>23,758</u>
Total capital assets not being depreciated	3,732,940	393,620	-	4,126,560
Capital assets being depreciated:				
Machinery and equipment	68,599	-	-	68,599
Vehicles	38,330	-	9,337	28,993
Office equipment	16,749	-	-	16,749
Improvements other than buildings	11,151	-	-	11,151
Flood protection infrastructure	<u>5,633,349</u>	<u>-</u>	<u>-</u>	<u>5,633,349</u>
Total capital assets being depreciated	5,768,178	-	9,337	5,758,841
Less accumulated depreciation for:				
Machinery and equipment	(45,375)	(8,792)	-	(54,167)
Vehicles	(8,418)	(5,142)	(7,003)	(6,557)
Office equipment	(7,809)	(1,551)	-	(9,360)
Improvements other than buildings	(1,162)	(558)	-	(1,720)
Flood protection infrastructure	<u>(318,610)</u>	<u>(140,834)</u>	<u>-</u>	<u>(459,444)</u>
Total accumulated depreciation	<u>(381,374)</u>	<u>(156,877)</u>	<u>(7,003)</u>	<u>(531,248)</u>
Total capital assets being depreciated, net	<u>5,386,804</u>	<u>(156,877)</u>	<u>2,334</u>	<u>5,227,593</u>
Total capital assets, net	<u>\$ 9,119,744</u>	<u>\$ 236,743</u>	<u>\$ 2,334</u>	<u>\$ 9,354,153</u>

Depreciation charged to expense was \$156,877 for the year ended December 31, 2017.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 5 CAPITAL ASSETS (CONTINUED)

Construction in Progress

The costs associated with the engineering and design phase of the Bayou Chene Flood Control Structure construction project of \$3,505,495 are included in construction in progress at December 31, 2017. The U.S. Department of Commerce's Economic Development Administration (EDA) has approved and disbursed \$1,800,000 of financial assistance for the design and engineering phase of the project. Terrebonne Levee and Conservation District (TLCD) also pledged to contribute, and has provided, \$500,000 to the St. Mary Levee District to partially fund the design and engineering fees of the project.

The costs associated with the engineering and design phase of the Bayou Teche Flood Control Structure construction project of \$466,335 are included in construction in progress at December 31, 2017.

The costs associated with the engineering and design phase of the Morgan City Levee Improvements Justa Street Reach Levee construction project of \$109,334 are included in construction in progress at December 31, 2017.

The costs associated with the preliminary engineering phase of the Yokely Levee Extension construction project of \$21,638 are included in construction in progress at December 31, 2017.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year in which it will be paid. The District applies GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. As a result, the District recognizes the cost of postemployment healthcare in the year in which the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows. Because the District adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2013 liability.

As a result of the timing of the GASB 45 actuarial valuation not coinciding with the District's year end, the most current information needed to measure the OPEB obligation or asset is not available to be reported at the date the financial statements are available to be issued; therefore, the valuation at July 1, 2016 is used to measure the 2017 OPEB obligation or asset. The timing difference between the valuation used and the District's year end is not considered to be material to the financial statements for the year ended December 31, 2017.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description

The District provides post-employment health care and life insurance benefits for substantially all employees if they reach normal retirement age while working for the District. The District's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. The State administers through the Office of Group Benefits (OGB). Louisiana Revised Statutes 42:801-883 assign the authority to establish and amend benefit provisions of the plan. The OGB does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). A copy of the CAFR may be obtained on the Office of Statewide Reporting and Accounting Policy's website at www.doa.louisiana.gov/osrap.

Funding Policy

The plan is currently financed on a pay-as-you-go basis. The contribution requirements of plan members and the District are established and may be amended by Louisiana Revised Statutes 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage.

Annual Other Postemployment Benefit Cost

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 6,762
Interest on prior year net OPEB obligation	794
Adjustment to annual required contribution	<u>(778)</u>
Annual OPEB cost (expense)	6,778
Less contributions made	<u>-</u>
Change in net OPEB obligation	6,778
Net OPEB obligation - beginning of year	<u>20,900</u>
Net OPEB obligation - end of year	<u><u>\$ 27,678</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2017, and the two preceding fiscal years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Ending OPEB Obligation</u>
12/31/2015	\$ 5,365	0.0%	\$ 15,124
12/31/2016	5,776	0.0%	20,900
12/31/2017	6,778	0.0%	27,678

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2017, is as follows:

Actuarial accrued liability (AAL)	\$ 23,183
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 23,183</u></u>
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 114,805
UAAL as a percentage of covered payroll	20.19%

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the District's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

In the July 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions utilized a 3.8% discount rate. The valuation assumed an initial annual healthcare cost trend rate of 7.0% and 6.0% for post-Medicare and Medicare eligible employees, respectively, scaling down to ultimate rates of 4.5% per year.

The unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2016 was twenty-six years.

NOTE 7 OPERATING LEASES

The District entered into a 5-year cancelable building lease for \$2,685 per month beginning on August 1, 2016. The District has the option to renew the lease for an additional 5-year period beginning on August 1, 2021. Payments on this lease totaling \$32,220 were made during the year ended December 31, 2017.

The District renewed a 12-month cancelable land lease for \$500 per month beginning on June 1, 2013. This lease will be extended on a month to month basis for a period not to exceed five years beyond the primary term. Payments on this lease totaling \$6,000 were made during the year ended December 31, 2017.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 7 OPERATING LEASES (CONTINUED)

The District entered into a 12-month cancelable land lease for \$1,495 per month beginning on July 1, 2016. This lease will be extended on a month to month basis for a period not to exceed three years beyond the primary term. Payments on this lease totaling \$16,445 were made during the year ended December 31, 2017.

NOTE 8 DEFERRED COMPENSATION PLAN

Beginning in the year ended December 31, 2014, the District elected to adopt a deferred compensation plan option for all full-time employees. Employees of the District are allowed to participate in the State of Louisiana Public Employee Deferred Compensation Plan, adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately-issued financial report for the Plan, available directly from the Louisiana Public Employees Deferred Compensation Plan office, 9100 Bluebonnet Centre Boulevard, Suite 203, Baton Rouge, Louisiana 70809.

Contributions are made voluntarily by the employee through payroll deductions, with the District making matching contributions up to 10% of the participating employees' regular gross wages. There were no participants in the plan during the year ended December 31, 2017; therefore, the total employer contribution expense for the year was \$0.

NOTE 9 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 coverages, retentions, or limits during the year ended December 31, 2017. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

NOTE 10 CONTINGENCIES

The District recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the District. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 11 PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2017, the District removed a payable in the amount of \$49,480 following the abandonment of a lawsuit which had been filed against them during the year ended December 31, 2013. The disputed invoice had previously been accrued and remained a liability for the duration of the lawsuit, as the District's repayment of the invoice was contingent on the outcome of the lawsuit. The lawsuit was dismissed on June 15, 2017, with no further action required by the District.

In order to remove the liability described in the preceding paragraph, beginning net position within the government-wide financial statements of \$16,064,311, as originally reported, has been increased to \$16,113,791. Beginning fund balance within the fund financial statements of \$1,871,855, as originally reported, has been increased to \$1,921,335.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY LEVEE DISTRICT

Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes - ad valorem	\$2,628,000	\$2,594,000	\$2,692,551	\$ 98,551
Interest income	6,960	10,422	11,189	767
Intergovernmental				
Federal sources	855,000	6,206,543	5,891,257	(315,286)
Permits	4,000	1,700	1,900	200
Rents and royalties	-	1,315	991	(324)
Other income	<u>2,000</u>	<u>4,593</u>	<u>993</u>	<u>(3,600)</u>
Total revenues	3,495,960	8,818,573	8,598,881	(219,692)
Expenditures				
Current -				
Flood protection:				
General administrative	109,600	235,892	214,919	20,973
Insurance	54,240	60,182	57,619	2,563
Levee maintenance	569,000	438,198	374,751	63,447
Personal services	147,180	138,369	133,457	4,912
Professional services	858,000	319,705	325,809	(6,104)
Rental	59,160	57,710	57,665	45
Supplies and materials	214,500	22,314	18,394	3,920
Travel	9,000	3,711	2,525	1,186
Utilities	9,000	9,697	9,436	261
Capital outlay	<u>1,959,000</u>	<u>483,162</u>	<u>393,620</u>	<u>89,542</u>
Total expenditures	<u>3,988,680</u>	<u>1,768,940</u>	<u>1,588,195</u>	<u>180,745</u>
Excess of revenues over expenditures	(492,720)	7,049,633	7,010,686	(38,947)
Other financing sources				
Sale of capital assets	<u>-</u>	<u>-</u>	<u>3,600</u>	<u>3,600</u>
Change in fund balance	(492,720)	7,049,633	7,014,286	(35,347)
Fund balance, beginning (as restated)	<u>7,008,434</u>	<u>1,871,855</u>	<u>1,921,335</u>	<u>49,480</u>
Fund balance, ending	<u>\$6,515,714</u>	<u>\$8,921,488</u>	<u>\$8,935,621</u>	<u>\$ 14,133</u>

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

ST. MARY LEVEE DISTRICT

Schedule of Funding Progress – Other Postemployment Benefits
For the Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
7/1/2014	\$ -	\$ 9,000	\$ 9,000	0.00%	\$ 96,151	9.36%
7/1/2015	-	14,300	14,300	0.00%	108,578	13.17%
7/1/2016	-	23,183	23,183	0.00%	114,805	20.19%

See independent auditor's report.

ST. MARY LEVEE DISTRICT

Note to the Required Supplementary Information

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

While the District reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Budgetary Comparison Schedule presented as RSI is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. There were no major differences between the budgetary basis and GAAP basis for the General Fund for the year ended December 31, 2017.

OTHER SUPPLEMENTARY INFORMATION

ST. MARY LEVEE DISTRICT

Schedule of Compensation, Benefits and Other Payments to Executive Director
For the Year Ended December 31, 2017

Executive Director Name: Timothy Matte

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 71,550
Car allowance	7,200
Reimbursements	75
Travel	1,437
Conference travel	<u>875</u>
Total	<u>\$ 81,137</u>

See independent auditor's report.

ST. MARY LEVEE DISTRICT

Schedule of Compensation Paid to Board Members
For the Year Ended December 31, 2017

William Hidalgo, Sr., President	\$ 975
Kenneth P. Arceneaux, Jr.	750
Alton Broussard, Jr.	450
Barry Broussard	600
Norris Crappell	975
Junius Hebert, Jr.	975
Luther Smith	900
Wilson Terry	750
James Vidos	<u>900</u>
Total	<u>\$ 7,275</u>

See independent auditor's report.

**INTERNAL CONTROL
AND
COMPLIANCE**



**Darnall, Sikes
& Frederick**

(A Corporation of Certified Public Accountants)

**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**

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Benjamin J. Baudoin, CPA

* (Emeritus)

To the Board of Commissioners
St. Mary Levee District
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 the major fund of the St. Mary Levee District (District), as of and for the year ended December 31, 2017, 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 27, 2018.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a material weakness.

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Certified Public Accountants
Society of Louisiana
Certified Public Accountants

www.dsfcpas.com

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.

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 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2017-002.

St. Mary Levee District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Darnall, Sikes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
June 27, 2018

ST. MARY LEVEE DISTRICT

Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2017

Section I Internal Control and Compliance Material to the Financial Statements

2016-001 Inadequate segregation of accounting functions

Condition: Due to the small number of accounting personnel, the District did not have adequate segregation of functions within its accounting system.

Recommendation: An analysis of the benefits that would be obtained by adequately segregating functions within the accounting system and the costs to employ additional individuals to achieve adequate segregation should be performed.

Status: This finding is unresolved. See current year finding 2017-001.

2016-002 Noncompliance with the Louisiana Local Government Budget Act

Condition: Revenues of the General Fund exceeded the budgeted amount by five percent or more.

Recommendation: Management should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to maintain compliance with state statutes.

Status: This finding is resolved.

Section II Internal Control and Compliance Material to Federal Awards

See detailed finding 2016-001 in Section I.

Section III Management Letter

A management letter was not issued for the year ended December 31, 2016.

ST. MARY LEVEE DISTRICT

Schedule of Findings and Responses
For the Year Ended December 31, 2017

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unmodified opinion has been issued on St. Mary Levee District's financial statements as of and for the year ended December 31, 2017.

Deficiencies in Internal Control – Financial Reporting

Our consideration of internal control over financial reporting disclosed one instance of a deficiency in internal control which is required to be reported under *Government Auditing Standards* and is listed as item 2017-001 in Part 2. We consider the deficiency to be a material weakness.

Material Noncompliance and Other Matters – Financial Reporting

The results of our tests disclosed one instance of noncompliance which is required to be reported under *Government Auditing Standards* and is listed as items 2017-002 in Part 2.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended December 31, 2017.

MANAGEMENT LETTER

This section is not applicable for the fiscal year ended December 31, 2017.

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

2017-001 Inadequate segregation of accounting functions

Criteria: A strong internal control system requires the segregation of responsibilities between different individuals responsible for separate major areas of the accounting system.

Condition: Due to the small number of accounting personnel, the District did not have adequate segregation of functions within its accounting system.

Cause: The failure to design and implement policies and procedures necessary to achieve adequate internal control led to this condition.

Effect: The likelihood that a material misstatement will not be prevented or detected and corrected on a timely basis is increased. The perpetration of fraudulent activity is easier to achieve under this condition.

ST. MARY LEVEE DISTRICT

Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2017

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards* (Continued)

Recommendation: An analysis of the benefits that would be obtained by adequately segregating functions within the accounting system and the costs to employ additional individuals to achieve adequate segregation should be performed.

Views of Responsible Officials and Planned Corrective Actions: This information is in the District's separate Management's Corrective Action Plan for Current Year Findings and Management Comments.

2017-002 Noncompliance with Louisiana R.S. 49:125

Criteria: Louisiana R.S. 49:125 requires the sale of surplus movables be advertised, and the notice of sale should be published at least once, at least 15 days prior to the sale, indicating a minimum bid of the appraised value of the item and the entity's right to reject any and all bids.

Condition: The District was not able to provide evidence of advertisement of the surplus sale and that a minimum bid price was set.

Cause: The District did not maintain evidence of advertisement and minimum bid price for the sale of surplus property.

Effect: The District may not be in compliance with Louisiana R.S. 49:125.

Recommendation: We recommend that the District implement policies and procedures to ensure that future advertisements are posted and minimum bid prices are set for surplus property sales.

Views of Responsible Officials and Planned Corrective Actions: This information is in the District's separate Management's Corrective Action Plan for Current Year Findings and Management Comments.

Part 3: Findings and Questioned Costs Relating to Federal Awards

At December 31, 2017, St. Mary Levee District did not meet the requirements to have a single audit in accordance with OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; therefore, this section is not applicable.

ST. MARY LEVEE DISTRICT

Management's Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2017

2017-001 Inadequate segregation of accounting functions

Management's Response and Planned Corrective Action: Management is aware of the condition and has determined that based upon the size of the District and the cost-benefit consideration of additional personnel, it is not feasible to achieve complete segregation of duties.

Name and Title of Contact Person: Timothy Matte, Executive Director

2017-002 Noncompliance with Louisiana R.S. 49:125

Management's Response and Planned Corrective Action: Management will update policies and procedures to ensure full compliance with Louisiana R.S. 49:125.

Name and Title of Contact Person: Timothy Matte, Executive Director

Anticipated Completion Date: Year ending December 31, 2018



**Darnall, Sikes
& Frederick**

(A Corporation of Certified Public Accountants)

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* (Emeritus)

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners of the St. Mary Levee District and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the St. Mary Levee District (Entity) 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, 2017 through December 31, 2017. The Entity'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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Written policies and procedures were obtained and address all functions noted above with the exception of monitoring the budget.

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

Written policies and procedures were obtained and address all functions noted above with the exception of (2) how vendors are added to the vendor list.

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

Written policies and procedures were obtained and address all functions noted above with the exception of processing disbursements.

- d) **Receipts**, including receiving, recording, and preparing deposits

Written policies and procedures do not 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.

Written policies and procedures were obtained and address the functions noted above with the exception of (1) payroll processing.

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

Written policies and procedures do not 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, and (5) monitoring card usage

Written policies and procedures do not address the functions noted above.

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

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

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Written policies and procedures were obtained and address (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121; however, the policies and procedures do not address the remaining functions noted above.

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

Written policies and procedures do not address the functions noted above.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did not include monthly budget-to-actual comparisons for the general fund.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Obtained and reviewed the minutes of the managing board for the fiscal period noting that the entity did not have a fund balance deficit.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Obtained and reviewed the minutes of the managing board for the fiscal period noting that there were approvals of contracts/disbursements.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained listing of client bank accounts from management and management's representation that listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Obtained bank statements and reconciliations for all months in the fiscal period noting evidence of independent review.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Obtained bank statements and reconciliations for all months in the fiscal period noting no documentation reflecting that management has researched reconciling items that have been outstanding for more than 6 months.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained a listing of the cash collection location and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:*

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Written documentation was obtained and the following was noted: (1) the person responsible for collecting cash is bonded, (2) the person responsible for collecting cash is also responsible for depositing cash in the bank, recording the deposit and reconciling the bank statement, and (3) the person collecting cash does not share the same drawer with another employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The individual responsible for cash collections is also the individual responsible for reconciling cash collections to the general ledger.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Collection documentation was obtained; however, the number of days from receipt to deposit could not be determined since the check receipt date is not known.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Collection documentation was obtained and daily collections are supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

The individual responsible for collections is also responsible for determining the completeness of collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Listing of disbursements and management's representation that the listing is complete was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Examined supporting documentation for each of the 25 disbursements selected and found that purchases were initiated using a purchase order system, when applicable.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Examined supporting documentation for each of the 25 disbursements selected and noted that the purchase orders did not contain evidence of approval by any individual.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Examined supporting documentation for each of the 25 disbursements noting: purchase orders did not contain proper approval; all payments were processed with a receiving report (if applicable); and one invoice did not appear to have evidence of approval.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The persons with signatory authority do not have responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Unused checks are maintained in a locked location, and access is restricted to those persons that do not have signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

A signature stamp or signature machine is not used in any instance.

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

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

Listing of active credit cards, bank debit cards, fuel cards and name of person who maintains possession of cards and management's representation that the listing is complete was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Listing was obtained and included two cards.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No finance and/or late fees were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Monthly statement was obtained and address the functions noted above.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Monthly statement was obtained and address the functions noted above.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Monthly statement was obtained and address the functions noted above.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Policies were obtained and no amounts listed exceed GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

It was noted that two meals were reimbursed which were not eligible for reimbursement, and another meal was reimbursed at a rate that exceeded the maximum allowable, per the entity's written policy.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

There was one instance where the expense and related documentation was approved by the person receiving the reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

One exception noted where the rate sheet in effect during the fiscal period could not be obtained for a professional services contract.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

No noncompliance noted.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

The entity did not solicit quotes as a best practice for three contracts.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Two contracts selected for testing had been amended. One contract was amended six times since its inception, with the most recent amendment effective July 13, 2017. The nature of these amendments included additional services to be performed by engineer, modifications to those services, and modifications to the contract amount. In total, the amendments to this contract increased the contract price by \$456,410, bringing the total contract price to \$494,402. The original terms of the contract provided for the amendments.

Another contract tested had been amended once, effective July 13, 2017. The nature of the amendment included additional services needed to prepare final design plans, specifications, and bidding documents in order to advertise the project for bids, as well as bidding and construction phase services. The amendment added \$131,200 to the original contract price, bringing the total contract price to \$169,096. The original terms of the contract provided for the amendment.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

One exception noted where the rate sheet in effect for the fiscal period could not be obtained for a professional services contract; therefore, the invoice could not be compared to the terms of the contract in effect during the fiscal period.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Proper approval noted.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Changes to hourly pay rates and salaries during the fiscal period were not approved in writing.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

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

No exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No written documentation existed to evidence supervisor approval of attendance or sick leave.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No written documentation existed to document leave time earned, used, and available.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No documentation was maintained to demonstrate that the required ethics training was completed.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Required notices were posted on the entity's website, but not on the entity's physical premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

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.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

June 27, 2018



ST. MARY LEVEE DISTRICT

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Independent Accountant's Report on Applying Agreed-Upon Procedures Management Response

Written Policies and Procedures

1. a) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Budgeting, including monitoring the budget, will be reviewed for inclusion in the revised policies and procedures.
1. b) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Purchasing, including (2) how vendors are added to the vendor list, will be reviewed for inclusion in the revised policies and procedures.
1. c) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Disbursements, including processing of disbursements, will be reviewed for inclusion in the revised policies and procedures.
1. d) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Receipts, including receiving, recording, and preparing deposits, will be reviewed for inclusion in the revised policies and procedures.
1. e) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Payroll/Personnel, including (1) payroll processing, will be reviewed for inclusion in the revised policies and procedures.
1. f) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Contracting, including (1) types of services requiring written contracts; (2) standard terms and conditions; (3) legal review; (4) approval process; and (5) monitoring process, will be reviewed for inclusion in the revised policies and procedures.
1. g) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. 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; and (5) monitoring card usage, will be reviewed for inclusion in the revised policies and procedures.



ST. MARY LEVEE DISTRICT

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1. h) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Travel and expense reimbursement, including (2) dollar thresholds by category of expense, will be reviewed for inclusion in the revised policies and procedures.
1. i) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Ethics, including (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, will be reviewed for inclusion in the revised policies and procedures.
1. j) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Debt service, including (1) debt issuance approval; (2) EMMA reporting requirements; (3) debt reserve requirements; and (4) debt service requirements, will be reviewed for inclusion in the revised policies and procedures.

Board

2. b) Management will consider preparing monthly budget-to-actual comparison statements on the General Fund and formally present to the board for review and monitoring.

Bank Reconciliations

4. c) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Bank reconciliation policies and procedures including documenting management's research of reconciling items that have been outstanding for more than 6 months will be reviewed and enforced for compliance.

Collections

6. a) Management is aware of the inadequate segregation of accounting functions and has planned a thorough review of internal controls.
6. b) Management is aware of the inadequate segregation of accounting functions and has planned a thorough review of internal controls.



ST. MARY LEVEE DISTRICT

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7. Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Collection policies and procedures including processes specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections will be reviewed and enforced for compliance.

Disbursements – General

9. b) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Disbursement policies including obtaining appropriate approval of purchase orders, or an electronic equivalent, by a person who did not initiate the purchase will be reviewed and enforced for compliance.
9. c) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Disbursement policies including processing of payments for purchases with an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice will be reviewed and enforced for compliance.
10. Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Disbursement policies and procedures including prohibiting the person responsible for processing payments from adding vendors to the entity's purchasing/disbursement system will be reviewed and enforced for compliance.

Travel and Expense Reimbursement

19. a) Management plans a thorough review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Travel and expense reimbursement policies and procedures including types of expenses eligible for reimbursement will be reviewed and enforced for compliance.
19. d) Management plans a thorough review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Travel and expense reimbursement policies and procedures including review and approval, in writing, of reimbursements by someone other than the receiving employee will be reviewed and enforced for compliance.



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(985) 380-5500

Contracts

21. a) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Contract policies and procedures including obtaining a formal/written contract that supports the services arrangement and amount paid will be reviewed and enforced for compliance.
21. b) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Contract policies and procedures including soliciting quotes as a best practice will be reviewed and enforced for compliance.
21. d) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Contract policies and procedures including ensuring that invoices and related payments comply with the terms and conditions of related contracts will be reviewed and enforced for compliance.

Payroll and Personnel

22. b) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Payroll and personnel policies and procedures including written approval to changes in pay rates will be reviewed and enforced for compliance.
23. b) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Payroll and personnel policies and procedures including documentation and approval of daily attendance and leave will be reviewed and enforced for compliance.
23. c) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2017-2018 fiscal year. Payroll and personnel policies and procedures including maintaining written leave records (e.g., hours earned, hours used, and balance available) will be reviewed and enforced for compliance.

Ethics

26. Management plans to obtain and file all documentation to demonstrate that required ethics training was completed.

Other

Management plans to post the notice required by R.S. 24:523.1 on its premises.