

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

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

For the Year Ended September 30, 2023

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund and the respective budgetary comparison for the General Fund and Capital Maintenance Fund of St. Mary Parish Consolidated Gravity Drainage District No. 1 (the District), a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 2023, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and changes in financial position of the District, as of September 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Required Supplementary Information

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

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

### Supplementary Information

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

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

Other Reporting Requirements by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

March 22, 2024  
Morgan City, Louisiana

ST. MARY PARISH  
CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1

Statement of Net Position  
September 30, 2023

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$1,560,244
Due from other governments	25,426
Total current assets	<u>1,585,670</u>
<b>Capital assets</b>	
Land	8,600
Buildings and improvements, net of accumulated depreciation	28,331
Equipment, net of accumulated depreciation	568,852
Leases - Right of Use, net of accumulated depreciation	16,182
Infrastructure - drainage, net of accumulated depreciation	2,162,447
Construction in progress	19,053
Total net capital assets	<u>2,803,465</u>
Total assets	<u>4,389,135</u>
<b>Deferred outflows of resources</b>	
Deferred outflows related to pensions	385,767
Total assets and deferred outflows of resources	<u>\$4,774,902</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$69,596
Current portion of lease obligation	48,535
Total current liabilities	<u>118,131</u>
<b>Long-term liabilities</b>	
Lease obligation payable after one year	14,443
Compensated absences	143,388
Total noncurrent liabilities	<u>157,831</u>
Net pension liability	291,269
Total liabilities	<u>567,231</u>
<b>Deferred inflows of resources</b>	
Deferred inflows related to pension	32,719
Total liabilities and deferred inflows of resources	<u>599,950</u>
<b>Net Position</b>	
Net investment in capital assets	2,740,487
Restricted for Yokely Pump Station	18,581
Unrestricted	1,415,884
Total net position	<u>4,174,952</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$4,774,902</u>

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

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

**Statement of Activities  
For the Year Ended September 30, 2023**

<u>Expenses</u>	<u>Total</u>
Drainage	
Salaries, wages, and benefits	\$891,391
Pump operation and maintenance	266,272
Insurance	107,425
Truck expenses	72,091
Utilities	11,709
Interest	3,599
Miscellaneous	128,950
Depreciation and amortization expense	338,653
	<u>1,820,090</u>
Total expenses	
<u>General revenues</u>	
Ad valorem taxes	1,594,996
Investment income	22,221
Intergovernmental revenues	24,000
Nonemployer pension contributions	7,052
Other	129,793
	<u>1,778,062</u>
Total general revenues	
Change in net position	(42,028)
	<u>(42,028)</u>
Net Position - beginning of year (as previously stated)	4,357,419
Prior period adjustment	(140,439)
	<u>(140,439)</u>
Net Position - beginning of year (as restated)	4,216,980
	<u>4,216,980</u>
Net Position - end of year	\$4,174,952
	<u>\$4,174,952</u>

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

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

**Balance Sheet  
Governmental Funds  
September 30, 2023**

	<u>General Fund</u>	<u>Capital Maintenance Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$1,541,527	\$18,717	\$1,560,244
Due from other governments	25,426		25,426
Due from Capital Maintenance	3,469		3,469
Due from General Fund	<u>3,333</u>	<u>3,333</u>	<u>3,333</u>
 Total assets	 <u>\$1,570,422</u>	 <u>\$22,050</u>	 <u>\$1,592,472</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$69,596		\$69,596
Due to General Fund		3,469	\$3,469
Due to Capital Maintenance	<u>3,333</u>		<u>3,333</u>
 Total liabilities	 <u>72,929</u>	 <u>3,469</u>	 <u>76,398</u>
 <b>Fund balances:</b>			
Unassigned	1,497,493		1,497,493
Restricted for Yokely Pump Station		<u>18,581</u>	<u>18,581</u>
 Total fund balances	 <u>1,497,493</u>	 <u>18,581</u>	 <u>1,516,074</u>
 Total liabilities and fund balances	 <u>\$1,570,422</u>	 <u>\$ 22,050</u>	 <u>\$1,592,472</u>

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

Total fund balance - Governmental Funds			\$1,516,074
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.			2,803,465
Noncurrent liabilities are not due and payable in the current period and, noncurrent assets are not collectible in the current period, therefore, they are not reported in the governmental fund balance sheet:			
Current portion of lease obligation	\$	48,535	
Lease obligation payable after one year		14,443	
Compensated absences		143,388	
Net pension liability (asset)		291,269	<u>(497,635)</u>
Deferred outflows and inflows of resources do not affect the current period and, therefore, they are not reported in the governmental fund balance sheet:			
Deferred outflows of resources related to pensions		385,767	
Deferred inflows of resources related to pensions		<u>(32,719)</u>	
			<u>353,048</u>
Net position of governmental activities			<u>\$4,174,952</u>

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

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

**Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended September 30, 2023**

	<u>General Fund</u>	<u>Capital Maintenance Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Ad valorem taxes	\$1,594,996		\$1,594,996
Intergovernmental revenues	24,000		24,000
U.S. Army Corps of Engineers reimbursement	69,407		69,407
FEMA reimbursement	52,663		52,663
Investment income	22,221		22,221
Other	1,056	6,667	7,723
Total revenues	1,764,343	6,667	1,771,010
Expenditures			
Current operating			
Drainage			
Salaries and per diems	538,517		538,517
Personnel benefits	281,441		281,441
Pump operation and maintenance	265,529	743	266,272
Insurance	101,385	6,040	107,425
Truck expenditures	72,091		72,091
Utilities	11,709		11,709
Miscellaneous	128,950		128,950
Capital outlays	341,742		341,742
Long-term debt			
Payment of lease liability	93,233		93,233
Interest	3,599		3,599
Total expenditures	1,838,196	6,783	1,844,979
Excess (deficiency) of revenues over expenditures	(73,853)	(116)	(73,969)
Other financing sources (uses)			
Transfer in from other funds		3,333	3,333
Transfer out to other funds	(3,333)		(3,333)
Total other financing sources (uses)	(3,333)	3,333	-
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	(77,186)	3,217	(73,969)
Fund balance at beginning of year	1,574,679	15,364	1,590,043
Fund balance at end of year	\$1,497,493	\$18,581	\$1,516,074

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

Net change in fund balance - Governmental Funds (\$73,969)

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

Governmental funds report capital outlays as expenditures. However, in the in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays meeting the District's Capitalization Policy in the current period (\$341,742) exceeded depreciation and amortization (\$338,653) 3,089

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

Payments on lease 93,233

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

Compensated Absences (2,949)

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

Pension contributions subsequent to the measurement date 61,350  
 Cost of benefits earned net of employee contributions (129,834) (68,484)

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

Non employer pension contributions 7,052

Change in net position of governmental activities (\$42,028)

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

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

**Budgetary Comparison (Non-GAAP Basis) -  
General Fund  
For the Year Ended September 30, 2023**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Ad valorem taxes	\$1,379,000	\$1,593,850	\$1,594,996	\$ 1,146
Intergovernmental revenues	24,000	24,000	24,000	-
U.S. Army Corps of Engineers reimbursement	13,234	77,899	69,407	(8,492)
FEMA reimbursement	120,000	30,683	52,663	21,980
LWCC Dividend	14,894	18,995	18,995	-
Investment income	1,198	20,034	22,221	2,187
Other	3,717	7,016	1,056	(5,960)
	<u>1,556,043</u>	<u>1,772,477</u>	<u>1,783,338</u>	<u>10,861</u>
<u>Expenditures</u>				
Current operating				
Drainage				
Salaries and Wages	632,483	632,483	538,517	93,966
Personnel Benefits	299,263	299,127	281,441	17,686
Pump operation and maintenance	296,721	300,151	265,529	34,622
Insurance	128,995	127,096	120,380	6,716
Truck expenditures	84,247	78,371	72,091	6,280
Utilities	14,530	12,223	11,709	514
Miscellaneous	93,726	107,960	128,950	(20,990)
Capital outlays	678,501	1,020,324	341,742	678,582
Transfer to Maintenance Fund	-	-	3,333	(3,333)
	<u>2,228,466</u>	<u>2,577,735</u>	<u>1,763,692</u>	<u>814,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(672,423)</u>	<u>(805,258)</u>	<u>19,646</u>	<u>824,904</u>
Fund balances, beginning of year	<u>1,494,651</u>	<u>1,129,710</u>	<u>1,574,679</u>	<u>444,969</u>
Fund balances, end of year	<u>\$822,228</u>	<u>\$324,452</u>	<u>\$1,594,325</u>	<u>\$1,269,873</u>

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

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

**Budgetary Comparison (Non-GAAP Basis)  
Capital Maintenance Fund  
For the year ended September 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
City of Franklin	\$ 3,333	\$ 3,333	\$ 3,333	\$ -
St. Mary Parish Government	3,333	3,333	3,333	-
Transfer in from General Fund	<u>3,334</u>	<u>3,334</u>	<u>3,334</u>	<u>-</u>
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<u>Expenditures</u>				
Material & Repairs	504	450	743	(293)
Insurance-General	<u>3,717</u>	<u>6,040</u>	<u>6,040</u>	<u>-</u>
Total Expenditures	<u>4,221</u>	<u>6,490</u>	<u>6,783</u>	<u>(293)</u>
Excess (deficiency) of revenues over expenditures	<u>5,779</u>	<u>3,510</u>	<u>3,217</u>	<u>(293)</u>
Fund balances, beginning of year	<u>54,281</u>	<u>16,362</u>	<u>15,364</u>	<u>(998)</u>
Fund balances, end of year	<u>\$ 60,060</u>	<u>\$ 19,872</u>	<u>\$ 18,581</u>	<u>\$ (1,291)</u>

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

ST. MARY PARISH  
CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1

Notes to the Financial Statements  
September 30, 2023

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

These financial statements include only the operations of the District.

**B. Basic Financial Statements - Government-wide Financial Statements**

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### C. Basic Financial Statements - Fund Financial Statements

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

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

#### Governmental Fund

##### General Fund

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

##### Special Revenue Fund

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

### D. Basis of Accounting

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

#### Government-wide Statements

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Fund Financial Statements

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

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

#### E. Revenues

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

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

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

Investment earnings are generally recorded when earned.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

See Note 7 for further details about this pension plan.

G. Budgets

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

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

	<u>General Fund</u>	Capital Maintenance <u>Fund</u>
Ending fund balance – Non-GAAP budgetary basis	\$1,594,325	\$18,581
Items are not included in expenditures:		
Payment of lease liability	(93,233)	
Interest	( 3,599)	_____
Ending fund balance – GAAP basis	<u>\$1,497,493</u>	<u>\$18,581</u>

For budget purposes, the LWCC dividend of \$18,995 is budgeted in current year revenues rather than a reduction of expense. The Capital Maintenance Fund budget is adopted under Non-GAAP basis which is the same as the GAAP basis except the \$3,333 received from the General Fund is reported as Revenue rather than a Transfer In.

H. Cash and Cash Equivalents

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Fixed Assets

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

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

J. Equity Classifications

Government-wide Statements

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements

Governmental fund equity may be classified by five categories; nonspendable, restricted, committed, assigned or unassigned. At present, the District only requires reporting of restricted and unassigned. Restricted represents those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Unassigned represents those portions of fund equity that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purpose within the General Fund.

K. Interfund Transfers

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

During the year, the District transferred \$3,333 from the General fund to the Capital Maintenance fund for their share of the maintenance of the Yokely Pumping Station (See Note 8).

L. Compensated Absences

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. New GASB Pronouncement

In the current year, the District adopted the following GASB pronouncements:

GASB Statement No. 87 *Leases* which improves the financial reporting and accounting of leases by governments. Management has determined there is no significant effect of this Statement on the financial statements.

GASB Statement No. 101 *Compensated Absences* which updates the recognition and measurement guidance for compensated absences and to refine the related financial statement disclosures.

NOTE 2 – PRIOR PERIOD ADJUSTMENT

In prior years the District failed to recognize compensated absences, as they relate to accumulated sick time in the amount of \$140,439. In order to correct this error from prior periods, the following adjustments were made to the Government-Wide Financial Statements:

Increase Long-term liabilities compensated absences	\$140,439
Decrease in Net Position	\$140,439

See Note 7 COMPENSATED ABSENCES for net change.

### NOTE 3 - CASH AND CASH EQUIVALENTS

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

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

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

#### Cash and cash equivalents

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

At year end 2023, the carrying amount of the District's cash was \$1,560,244 and the bank balance was \$1,569,154, \$500,000 was covered by federal depository insurance and the remaining \$1,069,154 was collateralized with securities held by the financial institution, in the District's name.

### NOTE 4 - TAXES

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

### NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments is made up of the following:

U.S. Army Corps of Engineers reimbursement for Maintenance cost on jointly held drainage pumps	\$3,446
FEMA reimbursement for expenses incurred due To Hurricane Barry	<u>21,980</u>
	<u>\$25,426</u>

NOTE 6 - FIXED ASSETS

Capital assets activity for the year ended September 30, 2023 is as follows:

	Balance September 30, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclasses</u>	Balance September 30, <u>2023</u>
Capital assets not being depreciated					
Land	\$ 8,600				\$ 8,600
Total capital assets not being depreciated	<u>8,600</u>				<u>8,600</u>
Other capital assets:					
Building and improvements	\$ 194,216				\$ 194,216
Equipment	3,261,338	326,135	\$ (272,898)	\$ (482,507)	2,832,068
Construction in Progress	748,336	15,807		(744,890)	19,053
Infrastructure-drainage	5,835,197			744,890	6,580,087
Leases - Right of Use				482,507	482,507
Total other capital assets at historical cost	<u>10,039,087</u>	<u>341,742</u>	<u>(272,898)</u>	<u>-</u>	<u>10,107,931</u>
Less accumulated depreciation for:					
Building and improvements	\$ (161,030)	\$ (4,855)			\$ (165,885)
Equipment	(2,919,628)	(82,811)	\$ 272,898	\$ 466,325	(2,263,216)
Infrastructure-drainage	(4,166,653)	(250,987)			(4,417,640)
Leases - Right of Use				(466,325)	(466,325)
Total accumulated depreciation	<u>(7,247,311)</u>	<u>(338,653)</u>	<u>272,898</u>	<u>-</u>	<u>(7,313,066)</u>
Other capital assets, net	<u>2,791,776</u>	<u>3,089</u>	<u>-</u>	<u>-</u>	<u>2,794,865</u>
Total capital assets, net	<u>\$ 2,800,376</u>	<u>\$ 3,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,803,465</u>

Depreciation expense for the year is approximately \$339,000 (including amortization of \$52,000).

## NOTE 7 – LEASES

In prior years, the District entered into four long term leasing arrangements for the acquisition of construction equipment totaling \$755,000. In the current year, the District paid off one long-term leasing arrangement for construction equipment totaling \$273,000.

The capital lease liabilities at September 30, 2023 are as follows:

Lease liabilities	
Capital leases at September 30, 2023	\$62,978
Less current portion	<u>(48,535)</u>
Long term	<u>\$14,443</u>

Future lease payments under these leasing arrangements are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$48,535	\$1,331	\$49,866
2025	14,443	232	14,675
Total	<u>\$62,978</u>	<u>\$1,563</u>	<u>\$64,541</u>

These leases include provisions for additional incremental payments in the event that the equipment is used more than certain amounts. These additional payments have not been included in the lease liability.

## NOTE 8 - COMPENSATION ABSENCES

The following is a summary of changes in compensated absences for the year ending September 30, 2023.

	<u>9/30/22</u>	<u>Net Change</u>	<u>9/31/23</u>
Compensated absences	\$140,439	\$2,949	\$143,388

**NOTE 9 - COMPENSATION OF BOARD MEMBERS**

Board members received the following per diems for the year ended September 30, 2023:

<u>Name</u>	<u>Amount</u>
Earlon Arnaud	\$ 450
Alton Broussard	1,800
Donnie Coots	1,800
Lamonika Dwyer	1,650
Chad Gianfala	1,800
J.P. Hebert, Jr.	1,800
Cleveland Jackson	1,800
Craig Pellerin	900
	<u>\$12,000</u>

**NOTE 10 - PENSION PLAN**

***Plan Description***

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

NOTE 10 – PENSION PLAN (continued)

***Benefits Provided***

PERS-A provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. All permanent employees who work at least 28 hours a week may become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

Retirement Benefits

Members can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

The monthly retirement allowance consists of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Upon the death of any member with five or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes. Any member who is eligible for normal retirement at time of death, the surviving spouse shall receive benefits, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve months immediately preceding death of the member, shall be paid benefits beginning at age 50.

NOTE 10 – PENSION PLAN (continued)

Deferred Retirement Option Plan.

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for members who are eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, members who are eligible to retire may elect to participate in DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the DROP account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the Board of Trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or PERS-A, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits.

Members shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and have at least five years of creditable service or if hired after January 1, 2007, have seven years of creditable service, and are not eligible for normal retirement and have been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen years, or three percent multiplied by years of service assuming continued service to age sixty for those members who are enrolled prior to January 1, 2007 and to age sixty-two for those members who are enrolled January 1, 2007 and later.

## NOTE 10 – PENSION PLAN (continued)

### Cost of Living Increases.

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

### **Contributions**

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2022, the actuarially determined contribution rate was 7.10% of member's compensation. However, the actual rate for the fiscal year ending December 31, 2022 was 11.50%. Contributions to the Pension Plan from the District were \$60,015 for the year ended September 30, 2023.

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

NOTE 10 – PENSION PLAN (continued)

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

At September 30, 2023, the District reported a liability (asset) of \$291,269 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability (asset) was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2022, the District's proportion was 0.075678%, which was an decrease of 0.003816% from its proportion measured as of December 31, 2021. For the year ended September 30, 2023, the District recognized pension expense of \$129,833. The District recognized revenue of \$7,052 as its proportionate share of non-employer contributions for the year ended September 30, 2023. At September 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$10,769	\$32,091
Change of assumptions	9,295	
Net difference between projected and actual investment earnings on pension plan investments	307,486	
Change in proportion and differences between the District's contributions and proportionate share of contributions	7,906	628
District's contributions subsequent to the measurement date	50,311	
	<u>\$385,767</u>	<u>\$32,719</u>

The District's amount reported as deferred outflows of resources from contributions subsequent to the measurement date will be recognized as a reduction of net pension liability (or an increase in net pension asset) in the year ended September 30, 2024.

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

Year Ending December 31:

2024	\$ 12,620
2025	53,306
2026	98,966
2027	137,845

## NOTE 10 – PENSION PLAN (continued)

### Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2022, are as follows:

Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.40% (Net of investment expense, including inflation)
Expected Remaining Service lives	4 years
Projected Salary Increases	4.75% (2.45% Merit/2.30% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees the Pub-2010 Public Retirement Plans Mortality Table for General Employees Multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females each with full generational projection using the MP 2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

NOTE 10 – PENSION PLAN (continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the Capital Asset Pricing Model, (CAPM) (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.70% for the year ended December 31, 2022.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2022 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	33%	1.17%
Equity	51%	3.58%
Alternatives	14%	0.73%
Real Assets	2%	0.12%
Totals	100%	5.60%
Inflation		2.10%
Expected Arithmetic Nominal Return		7.70%

**Discount Rate**

The discount rate used to measure the total pension liability was 6.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 10 – PENSION PLAN (continued)

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

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

	1% Decrease <u>(5.40%)</u>	Current Discount Rate <u>(6.40%)</u>	1% Increase <u>(7.40%)</u>
District's Proportionate Share of Net Pension Liability (Asset)	\$720,318	\$291,269	\$(68,434)

The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2022. Access to the audit report can be found on the System's website: [www.persla.org](http://www.persla.org) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

NOTE 11 - COMMITMENTS

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

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

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

## NOTE 12 - RISK MANAGEMENT AND CONTINGENCIES

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

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

## NOTE 13 – SUBSEQUENT EVENTS

Subsequent to year end, the District purchased equipment in the amount of approximately \$139,000.

REQUIRED SUPPLEMENTARY INFORMATION

**St. Mary Parish Consolidated Gravity Drainage District No. 1**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
Parochial Employees Retirement System of Louisiana (Plan A)  
as of December 31, 2022 (The Plan Measurement Date)**

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.075678%	0.079494%	0.068540%	0.068450%	0.061646%	0.059651%	0.059870%	0.061322%
Amount of District's proportionate share of the net pension liability (asset)	\$ 291,269	\$ (374,451)	\$ (117,223)	\$ 3,222	\$ 273,607	\$ (44,276)	\$ 123,303	\$ 161,417
District's covered-employee payroll	\$ 513,395	\$ 529,438	\$ 446,062	\$ 434,030	\$ 377,329	\$ 367,160	\$ 353,605	\$ 351,590
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	56.73%	-70.73%	-26.28%	0.74%	72.51%	(12.06%)	34.87%	45.91%
Plan fiduciary net position as a percentage of the total pension liability	91.74%	110.46%	104.00%	99.89%	88.86%	101.98%	94.15%	92.23%

This schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.

Unaudited

**St. Mary Parish Consolidated Gravity Drainage District No. 1**

SCHEDULE OF DISTRICT CONTRIBUTIONS  
 Parochial Employees Retirement System of Louisiana (Plan A)  
 For the Year Ended September 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 60,015	\$ 58,324	\$ 67,544	\$ 53,773	\$ 51,705	\$ 43,593	\$ 45,503	\$ 49,637	\$ 48,811
Contributions in relation to the contractually require contribution	<u>(60,015)</u>	<u>(58,324)</u>	<u>(67,544)</u>	<u>(53,773)</u>	<u>(51,705)</u>	<u>(43,593)</u>	<u>(45,503)</u>	<u>(49,637)</u>	<u>(48,811)</u>
Contribution deficiency (excess)	<u>\$ -</u>								
District's covered-employee payroll	\$ 521,870	\$ 499,958	\$ 551,382	\$ 432,146	\$ 418,381	\$ 370,690	\$ 360,439	\$ 369,715	\$ 327,814
Contributions as a percentage of covered-employee payroll	11.50%	11.67%	12.25%	12.44%	12.36%	11.76%	12.62%	13.43%	14.89%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Unaudited

## GENERAL SUPPLEMENTARY INFORMATION

**St. Mary Parish Consolidated Gravity Drainage District No. 1**

Schedule of Compensation, Benefits, and Reimbursements to  
Agency Head, Political Subdivision Head, or Chief Executive Officer  
For the Year Ended September 30, 2023

Supervisor: Harry Pontiff

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 77,410
Benefits-Insurance	18,602
Benefits-Retirement	8,902
Reimbursements	211
Total	<u>\$ 105,125</u>

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

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND  
OTHER MATTERS SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the respective budgetary comparisons for the General Fund and Capital Maintenance Fund of the St. Mary Parish Consolidated Gravity Drainage District No. 1 (District), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 22, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings as item 2023-001 that we consider to be a material weakness.

#### Report on Compliance and Other Matters

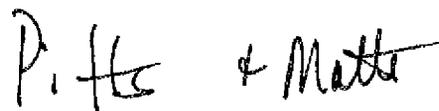
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

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

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

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Louisiana Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
March 22, 2024

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

Schedule of Findings  
For the Year Ended September 30, 2023

**A. SUMMARY OF AUDIT RESULTS**

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

Internal Control over Financial Reporting

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

Compliance and Other Matters

There was no material instance of noncompliance or other matters that is required to be reported for the year ended September 30, 2023.

3. Federal Awards

This section is not applicable for the year ended September 30, 2023.

## B. FINDINGS - FINANCIAL STATEMENT AUDIT

### INTERNAL CONTROL

#### Material Weakness

#### ITEM 2023-001

#### Segregation of Duties

#### Auditors' Comments

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

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

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

Cause: The District has limited personnel.

#### Management's Comments

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

## C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

This section is not applicable for the year ended September 30, 2023.

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

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL  
STATEMENTS

Item 2022-001 - Internal Control

Material Weakness

Segregation of Duties

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

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

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable to prior year.

ST. MARY PARISH  
CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1

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

C. Gianfala, President  
D. Coots, Vice President  
C. Jackson, Secretary/Treasurer  
H. Pontiff, Supervisor

Commissioners:  
Alton Broussard, Jr.  
Lamonika Dwyer  
J.P. Hebert, Jr.  
Craig Pellerin

March 22, 2024

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

Dear Mr. Wagespack:

St Mary Parish Consolidated Gravity Drainage District No. 1, respectfully submits the following correction action plan for the year ending September 30, 2023.

**CORRECTION ACTION:**

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

Material Weakness: RE: Item No. 2023-001

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

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

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

St. Mary Parish Consolidated Gravity Drainage District No. 1

  
Chad Gianfala  
President

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

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

FOR THE YEAR ENDED  
September 30, 2023  
WITH  
AGREED UPON PROCEDURES REPORT  
BY  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have performed the procedures enumerated in the attached Schedule of Procedures Performed and Associated Findings Based Upon the Statewide Agreed-Upon Procedures (Schedule), on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor (LLA)'s Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2022 through September 30, 2023. The St. Mary Parish Consolidated Gravity Drainage District No. 1's (District) management is responsible for those C/C areas identified in the SAUPs presented in the attached Schedule.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2022 through September 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are included in the attached Schedule.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 may be distributed by the LLA as a public document.

A handwritten signature in black ink, appearing to read "R. He & Matte". The signature is written in a cursive, somewhat stylized font.

CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
March 22, 2024

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

STATE OF LOUISIANA

**Schedule of Procedures Performed and Associated Findings Based upon the  
Statewide Agreed-Upon Procedures  
For the Year Ended September 30, 2023**

Guide to Presentation Format

This report contains these items presented in this order:

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

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

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

## WRITTEN POLICIES AND PROCEDURES

---

### 1) Written Policies and Procedures

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

#### **Budgeting**

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

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

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

#### **Purchasing**

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

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

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

#### **Disbursements**

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

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

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

#### **Receipts/Collections**

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

## **WRITTEN POLICIES AND PROCEDURES (CONTINUED)**

---

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

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

### **Payroll/Personnel**

- v) Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

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

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

### **Contracting**

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

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

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

### **Travel and Expense Reimbursement**

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

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

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

## WRITTEN POLICIES AND PROCEDURES (CONTINUED)

---

### Credit Cards

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

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

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

### Ethics

- ix) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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

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

### Debt Service

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

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

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

## WRITTEN POLICIES AND PROCEDURES (CONTINUED)

---

### **Information Technology Disaster Recovery/Business Continuity**

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

**Procedure Performed:** We performed the procedures.

**Findings:** Discussed the findings with management.

### **Prevention of Sexual Harassment**

- xii) Prevention of Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

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

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

### ***Management's response:***

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

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

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

*Information Technology Disaster Recovery/Business Continuity*

*Prevention of Sexual Harassment as it relates to annual employee training*

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

## BOARD OR FINANCE COMMITTEE

---

### 2. Board or Finance Committee

A) Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- i) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

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

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

- ii) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

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

**Findings:** Found the minutes referenced monthly financial statements but not comparison to the budget.

- iii) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

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

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

## BOARD OR FINANCE COMMITTEE

---

- iv) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

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

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

***Management's response:***

*We will modify our monthly financial statements to include a comparison to the budget.*

## BANK RECONCILIATIONS

---

### 3. Bank Reconciliations

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

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

**Findings:**

- i) Observed there is evidence that each bank reconciliation was prepared within 2 months of the related statement closing date.
- ii) Observed there is no evidence that a member of management/board member who does not handle cash, posts ledgers, or issues checks has reviewed each bank reconciliation.
- iii) Observed there is no documentation reflecting management has researched 2 reconciling items totaling \$250.69 which have been outstanding for more than 12 months from the statement closing date.

***Management' response:***

*In the future, we will include evidence that a member of management/board member who does not handle cash, post ledgers, or issues checks has reviewed each bank reconciliation and have documentation showing management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.*

## COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)

---

### 4. Collections (Excluding Electronic Funds Transfers)

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

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

**Findings:** The District has only one deposit site.

- B) For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- i) Employees responsible for cash collections do not share cash drawers/registers;
- ii) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
- iii) Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
- iv) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

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

## COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS) (CONTINUED)

**Findings:** The District has only one collection location.

- i) Employees responsible for each collection share cash drawers/registers.
- ii) One employee who is responsible for collecting cash is also responsible for preparing/making bank deposits.
- iii) One employee who is responsible for collecting cash is also responsible for posting collection entries to the general ledger or subsidiary ledgers.
- iv) The employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is responsible for collecting cash. However, another employee/official verifies the reconciliation.

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

**Procedure Performed:** Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observed the insurance policy for theft was in force during the fiscal period.

**Findings:** Found the insurance policy for theft was in force during the fiscal period.

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

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

## COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS) (CONTINUED)

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

**Findings:**

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

***Management's response:***

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

*Share a cash box with other employees.*

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

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

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

---

5. Non-Payroll Disbursements (Excluding Card Purchases, Travel Reimbursements, and Petty Cash Purchases)

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

**Procedure Performed:** Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

**Findings:** The District has one location that processes payments.

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

- i) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
- ii) At least two employees are involved in processing and approving payments to vendors;
- iii) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
- iv) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

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

---

**Procedure Performed:** Obtained a listing of employees involved with non-payroll purchasing and payment functions. Obtained and read the written policies and procedures relating to employees' job duties. Note the District has certain policies and procedures in the purchasing area that are not in writing, so we further inquired of employees about their job duties.

**Findings:**

- i) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - ii) At least two employees are involved in processing and approving payments to vendors.
  - iii) The employee responsible for processing payments is not prohibited from adding/modifying vendor files. However, the District's board is responsible for periodically reviewing changes to vendor files.
  - iv) Board members who are responsible for signing checks do not mail the checks. The employee responsible for signing and mailing the checks is also responsible for processing payments.
  - v) Board members who are authorized to sign checks approve the electronic disbursement of funds.
- C) For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- i) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

**Procedure Performed:** Obtained the District's non-payroll disbursements transaction population (excluding cards and travel reimbursements) and management's representation that the population was complete. Randomly selected 5 disbursements from the listing and obtained supporting documentation for each disbursement.

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

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**Findings:**

- i) Found that disbursements matched the related original itemized invoice and supporting documentation indicated that deliverables included on the invoice were received by the District.
  - ii) Found that disbursements documentation included evidence that the District is following its policies as it relates to the segregation of duties tested under 5B(i), 5B(ii), and 5B(iv). 5B(iii) is not applicable for the selected disbursements because the vendor files were not added or modified for the disbursements. 5B(v) is not applicable for the selected disbursements because none of the disbursements were electronically disbursed.
- D) Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

**Procedure Performed:** Using the District's main operating account for the month selected in Bank Reconciliations procedure #3A, we randomly selected 5 non-payroll-related electronic disbursements that occurred and obtained supporting documentation for each disbursement

**Findings:**

- a) Found that disbursements were approved by those persons authorized to disburse funds per the District's policy but also approved by an employee who is not authorized to sign checks.
- b) Found that disbursements were approved by the required number of authorized signers per the District's policy.

***Management's response:***

*Checks will no longer be mailed by the same employee who processes payments.*

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

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

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

**Procedure Performed:** Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) and related information for the fiscal period. Obtained management's representation that the listing is complete.

**Findings:** The list contained 12 fuel cards and related information. The District has no other types of cards.

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

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

**Procedure Performed:** Randomly selected 5 fuel cards that were used during the fiscal period. Randomly selected and obtained one monthly combined statement and supporting documentation for the selected fuel cards. Observed the combined statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder. Observed the combined statement to determine whether finance charges and late fees were not assessed on the selected statement.

**Findings:** All selected fuel cards and the related supporting documentation were reviewed and approved, in writing, by the supervisor. In one instance, the supervisor approved his own card statement; however, the Board approves the statement before payment is made.

Found that finance charges and late fees were not assessed.

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

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- C) Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

**Procedure #6C is not applicable because the District has only fuel cards, which are excluded from this step. (See procedure #6A above)**

*Management's response:*

*No comment.*

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

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

- A) Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - ii) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
  - iv) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Procedure Performed:** Obtained from management a general ledger listing of all travel and travel-related expense reimbursements during the fiscal period. Obtained management's representation that the general ledger is complete. Randomly selected 5 reimbursements and obtained the related supporting documentation.

**Findings:** Travel and travel-related expenses included payments for per diems and per mile reimbursements to employees/officials for use of their personal automobiles.

- i) Observed all five reimbursements included payment of per diems and/or mileage reimbursements at the District's rates, which are less than State of Louisiana rates and GSA rates.
- ii) Found no reimbursements used actual costs during the fiscal period.
- iii) Observed that all five reimbursements were supported by documentation of the business purpose.
- iv) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Management's response:***

*No comment.*

## CONTRACTS

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### 8. Contracts

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

**Procedure Performed:** Inquired of management and obtained management's written representation that no contracts were initiated or renewed during the fiscal period.

**Findings:** Found that no contracts were initiated or renewed during the fiscal period.

***Management's response:***

*No comment.*

## PAYROLL AND PERSONNEL

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### 9. Payroll and Personnel

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

**Procedure Performed:** Obtained a listing of employees employed during the fiscal period and obtained management's representation that the listing is complete. Randomly selected 5 employees and obtained their related paid salaries and personnel files and agreed salaries to authorized salaries.

**Findings:** The listing contained 12 employees and 8 board members.

- B) Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:
- i) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii) Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

**Procedure Performed:** Randomly selected one pay period during the fiscal period and obtained attendance records and leave documentation for that pay period for the 5 employees selected under procedure #9A.

**Findings:**

- i) Observed all selected employees documented their daily attendance and leave.
- ii) Observed the supervisor approved the attendance and leave of the selected employees.
- iii) Observed any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.
- iv) Observed the rate paid to employees agrees to the authorized salary found within the personnel file.

## PAYROLL AND PERSONNEL

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

**Procedure Performed:** Inquired of management and obtained management's representation that no employees received termination payments during the fiscal period.

**Findings:** Found no termination payments were made during the fiscal period.

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

**Procedure Performed:** Inquired of management and obtained management's representation that employer and employee portions of third-party payroll related amount have been paid, and any associated forms have been filed, by required deadlines.

**Findings:** Found that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed by required deadlines.

***Management's response:***

*No comment.*

## ETHICS

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### 10. Ethics

- A) Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain ethics documentation from management, and:
- i) Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii) Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

**Procedure Performed:** Obtained and observed ethics documentation from management for the 5 randomly selected employees from Payroll and Personnel procedure #9A. Obtained management's representation that there were no changes to the District's ethics policy during the fiscal period.

**Findings:**

- i) Observed that the documentation demonstrates each employee completed one hour of ethics training during the calendar year.
  - ii) This procedure is not applicable. There were no changes to the District's ethics policy during the fiscal period.
- B) Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Procedure Performed:** Inquired of management and obtained management's written representation that the District has not appointed an ethics designee.

**Findings:** Found that the District has not appointed an ethics designee.

***Management's response:***

*In the future, we will appoint an ethics designee.*

## DEBT SERVICE

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### 11. Debt Service

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

**Procedure Performed:** Inquired of management and obtained management's representation that there were no bonds/notes and other debt instruments issued during the fiscal period.

**Findings:** Found that no bond/notes and other debt instruments were issued during the fiscal period.

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

**Procedure Performed:** Inquired of management and obtained management's representation that there were no bonds/notes outstanding at the end of the fiscal period.

**Findings:** Found that no bonds/notes were outstanding at the end of the fiscal period.

***Management's response:***

*No comment.*

## FRAUD NOTICE

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### 12. Fraud Notice

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

**Procedure Performed:** Inquired of management and obtained management's representation that the District did not have any misappropriation of public funds and assets during the fiscal period.

**Findings:** Found the District did not have any misappropriation of public funds and assets during the fiscal period.

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

**Procedure Performed:** Observed the District posted on its premises the notice required by R.S. 24:523.1. Obtained management's representation that the District does not have a website.

**Findings:** Found the District posted on its premises the notice required by R.S. 24:523.1. Found the District does not have a website.

***Management's response:***

*No comment.*

## INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY

### 13. Information Technology Disaster Recovery/ Business Continuity

- A) Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
  - ii) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B) Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

**Procedure Performed:** We performed the procedures.

**Findings:** Verbally discussed the results with management.

## PREVENTION OF SEXUAL HARRASSMENT

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### 14. Prevention of Sexual Harassment

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

**Procedure Performed:** Obtained and observed sexual harassment training documentation from management for the 5 randomly selected employees from Payroll and Personnel procedure #9A.

**Findings:** Found the documentation demonstrates each employee completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

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

**Procedure Performed:** Observed the District posted its sexual harassment policy and complaint procedure in a conspicuous location on the premises. Inquired of management and obtained management's representation that the District does not have a website.

**Findings:** Found the District posted its sexual harassment policy and complaint procedure in a conspicuous location on the premises.

- C) Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i) Number and percentage of public servants in the agency who have completed the training requirements;
  - ii) Number of sexual harassment complaints received by the agency;
  - iii) Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v) Amount of time it took to resolve each complaint

**Procedure Performed:** Inquired of management and obtained management's representation that there was no sexual harassment report for the current fiscal period.

**Findings:** Found the District does not have an annual sexual harassment report.

***Management's response:***

*In the future, we will issue an annual sexual harassment report.*