

Component Unit Financial Statements
And Report of Independent Auditors
With Supplemental Information

GRAVITY DRAINAGE DISTRICT NO. 3
OF CAMERON PARISH
Cameron, Louisiana

December 31, 2020

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	3-5
Basic Financial Statements:	
Statement of Net Position	6-7
Statement of Activities	8-9
Notes to the Financial Statements	10-15
Required Supplemental Information:	
Budgetary Comparison Schedule – Budgetary (Non-GAAP) Basis	16
Note to Required Supplemental Information – Budgetary Reporting	17
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 <i>Government Auditing Standards</i>	18-19
Schedule of Findings and Responses	20-22
Other Supplemental Schedules:	
Schedule of Per Diem Paid Commissioners	23
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	24

Independent Auditors' Report

Board of Commissioners
Gravity Drainage District No. 3
of Cameron Parish
Cameron, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Gravity Drainage District No. 3 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Gravity Drainage District No. 3 of Cameron Parish's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Gravity Drainage District No. 3 of Cameron Parish as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 16 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America requires 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, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

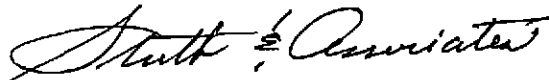
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gravity Drainage District No. 3 of Cameron Parish's basic financial statements. The other supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of Gravity Drainage District No. 3 of Cameron Parish.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27 2021, on our consideration of the Gravity Drainage District No. 3 of Cameron Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gravity Drainage District No. 3 of Cameron Parish's internal control over financial reporting and compliance.



Lake Charles, Louisiana
September 27, 2021

**Gravity Drainage District No. 3 of Cameron Parish
Cameron, Louisiana**

STATEMENT OF NET POSITION

December 31, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 23,058	\$ -	\$ 23,058
Ad valorem tax receivable	301,796	-	301,796
Total Current Assets	324,854	-	324,854
Noncurrent assets			
Capital assets, net of accumulated depreciation	-	-	-
TOTAL ASSETS	\$ 324,854	\$ -	324,854
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 68,630	\$ -	68,630
Deduction from ad valorem taxes for retirement system	11,314	-	11,314
Total Current Liabilities	79,944	-	79,944
TOTAL LIABILITIES	79,944	-	79,944
<u>FUND BALANCE</u>			
Unassigned	244,910	(244,910)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 324,854		
<u>NET POSITION</u>			
Net investment in capital assets		-	-
Unrestricted		244,910	244,910
TOTAL NET POSITION		\$ -	\$ 244,910

See notes to the financial statements

**Gravity Drainage District No. 3 of Cameron Parish
Cameron, Louisiana**

RECONCILIATION OF GOVERNMENTAL FUND BALANCE TO NET POSITION

December 31, 2020

Total Governmental Fund Balances	\$ 244,910
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Vehicles	12,374	
Equipment	2,435	
Accumulated depreciation	<u>(14,809)</u>	
Capital assets, net of accumulated depreciation	-	<u>-</u>
Net position of governmental activities		<u>\$ 244,910</u>

See notes to the financial statements

**Gravity Drainage District No. 3 of Cameron Parish
Cameron, Louisiana**

STATEMENT OF ACTIVITIES

For the year ended December 31, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES			
Personal services	\$ 27,910	\$ -	\$ 27,910
Operating services	300,108	-	300,108
Pension deduction	11,314	-	11,314
Depreciation	-	2,077	2,077
Total expenditures/expenses	339,332	2,077	341,409
GENERAL REVENUES			
Ad valorem taxes	312,931	-	312,931
Other income	108	-	108
Interest income	69	-	69
Total general revenues	313,108	-	313,108
CHANGE IN FUND BALANCE/NET POSITION	(26,224)	(2,077)	(28,301)
FUND BALANCE/ NET POSITION - BEGINNING OF YEAR	271,134	2,077	273,211
FUND BALANCE/ NET POSITION - END OF YEAR	\$ 244,910	\$ -	\$ 244,910

See notes to the financial statements

**Gravity Drainage District No. 3 of Cameron Parish
Cameron, Louisiana**

**RECONCILIATION OF CHANGE IN GOVERNMENTAL FUND BALANCE
TO THE STATEMENT OF ACTIVITIES**

December 31, 2020

Net change in fund balances - total governmental funds	\$ (26,224)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report operating service, materials and supplies as expenditures. However, in the statement of activities, assets with an individual cost of \$1,000 or more are capitalized and the cost is allocated over their estimated lives and reported as depreciation expense.

For the current period these amounts are:

Depreciation expense	(2,077)	(2,077)
Change in net position of governmental funds	\$	(28,301)

See notes to the financial statements

GRAVITY DRAINAGE DISTRICT NO. 3 OF CAMERON PARISH
Cameron, Louisiana

Notes to the Financial Statements

December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gravity Drainage District No. 3 of Cameron Parish was created on April 6, 1931, as a political subdivision of the State of Louisiana under the provisions of Louisiana Revised Statutes 38:1751-1802, and was established for the purpose of opening and maintaining all natural drains in the district where drainage is accomplished using the natural force of gravity. The district is governed by a board of 5 commissioners who are appointed by the Cameron Parish Police Jury.

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

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

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

Appointing a voting majority of an organization's governing body and the ability of the police jury to impose its will on that organization and/or:

- a. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
- b. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
- c. Organizations for which the reporting entity financial statements would be misleading if the data of the organization is not included because of the nature of significance of the relationship.

GRAVITY DRAINAGE DISTRICT NO. 3 OF CAMERON PARISH
Cameron, Louisiana

Notes to the Financial Statements

December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Because the police jury appoints all board members of the district and can impose its will on the district, the district was determined to be a component unit of the Cameron Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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 comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which the spending activities are controlled. The district's current operations require the use of only one governmental fund type. The governmental fund type is described as follows:

General Fund - The General Fund is the general operating fund of the district and is used to account for all financial activities not required to be accounted for in other funds.

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District defined the length of time used for "available" for purposes of revenues recognition in the governmental fund financial statements to be 90 days.

GRAVITY DRAINAGE DISTRICT NO. 3 OF CAMERON PARISH
Cameron, Louisiana

Notes to the Financial Statements

December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's funds). In the government-wide Statement of Net Position, governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term debt and obligations. The District's net position is reported in three parts – net investments in capital assets; restricted net position; and unrestricted net position. The government-wide Statement of Activities reports revenues and expenses on a full accrual, economic resource basis. The Statement of Activities recognizes depreciation expense.

Governmental activities generally are financed through taxes. Revenues, including all taxes, are presented as general revenues.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's assets resulting from current year's activities.

Capital Assets and Long-term Debt

The accounting and reporting treatment applied to capital assets associated with a fund are determined by their measurement focus. General capital assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial statements. All purchased fixed assets are valued at historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$1,000.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Machinery and equipment	5 – 7 years

The district has no long-term debt as of December 31, 2020.

Use of Estimates

The financial statements are prepared in conformity with generally accepted accounting principles and, accordingly, include amounts that are based on management's best estimates and judgments. Actual results could differ from these estimates.

GRAVITY DRAINAGE DISTRICT NO. 3 OF CAMERON PARISH
Cameron, Louisiana

Notes to the Financial Statements

December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable represent amounts due for ad valorem taxes and other governmental agencies and are deemed to be fully collectible by management.

Budgets and Budgetary Accounting

Annually, the District adopts a revenue and expenditure budget for the general fund. A forecast of revenues and expenditures is made based upon the prior year's expenditures, taking into consideration additional expenditures that can be predetermined and estimated. Amendment to the budget is required when actual receipts for the year fail to meet budgeted revenues by five percent or more, or when actual expenditures for the year exceed budgeted expenditures by five percent or more.

The budget is adopted on the cash basis method of accounting. Budgetary comparisons presented in this report are on this non-GAAP budgetary basis. Budget amounts are as originally adopted, adjusted for subsequent amendments.

2. CASH AND CASH EQUIVALENTS

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U. S. Government, obligations issued or guaranteed by an agency established by the U. S. Government, general obligation bonds of any state of the U. S., or any Louisiana Parish, municipality, or school district. The District's bank and time deposits at year end were entirely covered by federal depository insurance.

3. CAPITAL ASSETS

Capital assets consist of the following

	<u>12/31/2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/2020</u>
Vehicles	\$ 12,374	\$ -	\$ -	\$ 12,374
Equipment	<u>63,699</u>	<u>-</u>	<u>(61,264)</u>	<u>2,435</u>
	76,073	-	-	14,809
Accumulated Depreciation	<u>(73,996)</u>	<u>(2,077)</u>	<u>61,264</u>	<u>(14,809)</u>
Total	<u>\$ 2,077</u>	<u>\$ (2,077)</u>	<u>\$ -</u>	<u>\$ -</u>

GRAVITY DRAINAGE DISTRICT NO. 3 OF CAMERON PARISH
Cameron, Louisiana

Notes to the Financial Statements

December 31, 2020

4. AD VALOREM TAXES

The district has an authorized tax millage of 7.50 mills for general maintenance and operation of the district. For the year ended December 31, 2020, taxes were levied on taxable assessed valuations of \$44,192,340 at a millage of 7.50.

Property tax millage rates are adopted in July for the calendar year in which taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

5. FUND BALANCE

In accordance with Government Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be used only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts constrained to specific purposes by the district itself, using its highest level of decision-making authority (i.e., Board of Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the district takes the same highest level action to remove or change the constraint.

Assigned – amounts the district intends to use for a specific purpose. Intent can be expressed by the Board of Commissioners or by an individual or body to which the Board delegates the authority.

Unassigned – amounts that are available for any purpose.

The district establishes (and modifies or rescinds) fund balance commitments by passage of board resolution or formal approval. Assigned fund balance is established by the district through the adoption or amendment of the budget as intended for specific purposes.

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

GRAVITY DRAINAGE DISTRICT NO. 3 OF CAMERON PARISH
Cameron, Louisiana

Notes to the Financial Statements

December 31, 2020

6. RISK MANAGEMENT

The district is exposed to various risk of loss related to torts; thefts of, damage to, and destruction of assets and errors and omissions. To handle such risk of loss, the district maintains surety bond coverage, a general liability policy, an errors and omissions policy, and automobile liability.

7. VACATION PAY/SICK LEAVE AND PENSION PLAN

The district has no employees; therefore, the district does not have a formal policy on vacation and sick leave and does not contribute to a pension plan.

8. LITIGATION AND CLAIMS

The district is not involved in any litigation at December 31, 2020, nor is it aware of any unasserted claims.

9. FEMA

In 2020, Cameron Parish was devastated by Hurricanes Laura and Delta. As a result of the hurricanes, the District had no impaired assets, however, the costs of debris removal has had a significant impact on the expenditures for operations. FEMA and the Cameron Parish Police Jury, as administrator for the district, have filed project worksheets for reimbursement of costs incurred by the district. As of the date of this audit report, no reimbursements have been received or accrued in these financial statements.

**Gravity Drainage District No. 3 of Cameron Parish
Cameron, Louisiana**

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

For the year ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
RECEIPTS				
Ad valorem taxes, net	\$ 124,697	\$ 251,672	\$ 198,671	\$ (53,001)
Other income	-	-	108	108
Interest income	-	-	69	69
Total receipts	<u>124,697</u>	<u>251,672</u>	<u>198,848</u>	<u>(52,824)</u>
DISBURSEMENTS				
Personal services	29,880	28,070	27,910	160
Operating services	94,817	223,602	228,114	(4,512)
Pension deduction	-	-	11,314	(11,314)
Total Disbursements	<u>124,697</u>	<u>251,672</u>	<u>267,338</u>	<u>(15,666)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	(68,490)	(68,490)
BUDGETARY FUND BALANCE				
BEGINNING OF YEAR	<u>257,283</u>	<u>257,283</u>	<u>257,283</u>	-
BUDGETARY FUND BALANCE				
END OF YEAR	<u>\$ 257,283</u>	<u>\$ 257,283</u>	<u>\$ 188,793</u>	<u>\$ (68,490)</u>

See notes to required supplementary information

**Gravity Drainage District No. 3 of Cameron Parish
Cameron, Louisiana**

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING

For the Year Ended December 31, 2020

The Budgetary Comparison Schedule - Budget to Actual presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis.

A proposed budget is prepared and submitted to the Board of Commissioners prior to the beginning of each year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year.

The annual operating budget, prepared on the cash basis, covers all of the Drainage activities. At the end of the fiscal year, unexpended appropriations automatically lapse. Budget amendments are approved by the Board of Commissioners.

Below is a reconciliation from the Budgetary basis to the GAAP basis financial statements:

Receipts - Budgetary Basis	\$	198,848
Differences - budget to GAAP		
Receipts in current year for prior year revenue		(187,536)
Revenues for financial statement purposes to be received in subsequent year		<u>301,796</u>
Total revenues as reported on Statement of Activities - GAAP Basis	\$	<u><u>313,108</u></u>
Disbursements - Budgetary Basis	\$	267,338
Differences - budget to GAAP		
Current year disbursements reported as expenses in the prior year		(7,950)
Expenses for financial statement purposes to be paid in subsequent year		79,944
Depreciation expense		<u>2,077</u>
Total expenses as reported on statement of activities - GAAP Basis	\$	<u><u>341,409</u></u>

See notes to required supplementary information

**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
GRAVITY DRAINAGE DISTRICT No. 3
OF CAMERON PARISH
Cameron, 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 basic financial statements of the Gravity Drainage District No. 3 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Gravity Drainage District No. 3 of Cameron Parish's basic financial statements and have issued our report thereon dated September 27, 2021

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Gravity Drainage District No. 3 of Cameron Parish's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Gravity Drainage District No. 3 of Cameron Parish's internal control. Accordingly, we do not express an opinion on the effectiveness of the Gravity Drainage District No. 3 of Cameron Parish'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 weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency as item 2020-1.

Compliance and Other Matters

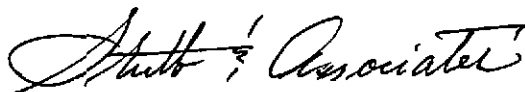
As part of obtaining reasonable assurance about whether the Gravity Drainage District No. 3 of Cameron Parish's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as items 2020-2 and 2020-3.

Gravity Drainage District No. 3 of Cameron Parish's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lake Charles, Louisiana
September 27, 2021

Gravity Drainage District No. 3
Cameron, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

Section I – Summary of Auditors’ Results

December 31, 2020

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant Deficiency (ies) identified that are not considered to be material weaknesses? yes no
- Noncompliance material to financial statements noted? yes no

Section II – Financial Statement Findings

Current Audit

2020-1

Segregation of Duties

Condition: Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties.

Criteria: As part of an adequate system of internal control, certain accounting functions should be segregated in order to cross-reference each other for accuracy.

Effect: Intentional or unintentional errors could be made and not detected within the accounting system.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Response: We have considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. Management has attempted to mitigate this weakness by its supervision and review procedures.

Section II – Financial Statement Findings (continued)

2020-2

Budget Amendment

Condition: Although the board of commissioners made budget revisions during the year, the final budget was not amended for a variance in revenues and expenditures that is more than 5 percent.

Criteria: The Local Government Budget Act requires that the District adopt a budget amendment if there is a 5 percent variance in revenues or expenditures or beginning fund balance.

Effect: The District did not comply with the Budget Act.

Recommendation: The District should prepare a budget prior to year-end and monitor the budget on a monthly basis. Any significant variances should be addressed and action should be taken as to whether an amended budget is necessary.

Response: The District will monitor the budget on a monthly basis and address whether an amendment to the budget is necessary each month.

2020-3

Public Bid Law

Condition: The district entered into a maintenance contract for a three period without obtaining necessary bids.

Criteria: Routine maintenance is specifically exempted from the definition of “public works” and contracts for routine maintenance are not required to be publically bid unless the contract exceeds two years in duration (R.S. 38:2212 (U) and (W)(1)).

Effect: The District did not comply with the Louisiana Public Bid Law.

Recommendation: The District should follow the Louisiana Public Bid Law when applicable. The District should also obtain as many quotes as possible for all purchases.

Response: The District was not aware that routine maintenance contracts in excess of two years in duration were not exempt from the Louisiana Public Bid Law.

Section III - Summary Schedule of Prior Audit Findings

2019-1

Segregation of Duties

Condition: Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties.

Response: We have considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. Management has attempted to mitigate this weakness by its supervision and review procedures.

2019-2

Budget Amendment

Condition: Although the board of commissioners made budget revisions during the year, the final budget was not amended for a variance in revenues and expenditures that is more than 5 percent.

Response: The District will monitor the budget on a monthly basis and address whether an amendment to the budget is necessary each month.

Gravity Drainage District No. 3
Cameron, Louisiana

Schedule of Per Diem Paid to Board Members

For the Year Ended December 31, 2020

PER DIEM PAID COMMISSIONERS

The schedule of per diem paid commissioners was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 38:1766, board members receive \$60 Per Diem for each board meeting they attend. The Secretary receives \$100 for each board meeting attended due to additional job responsibilities associated with the position.

<u>Recipient</u>	<u>Amount</u>
Scott Henry	\$ 480
Cecil Clark III	640
Shirley Gray	820
Ronald Nunez	720
Ryan Mallory	<u>600</u>
 TOTAL	 <u>\$3,260</u>

Gravity Drainage District No. 3
Cameron, Louisiana

Schedule of Compensation, Benefits, and Other Payments to
Agency Head or Chief Executive Officer

For the Year Ended December 31, 2020

AGENCY HEAD NAME: Ronald Nunez, President

<u>PURPOSE</u>	<u>AMOUNT</u>
Per Diem	<u>\$720</u>
TOTAL	<u>\$720</u>