

**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, 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund and the respective budgetary comparisons for the General Fund and Capital Maintenance Fund of St. Mary Parish Consolidated Gravity Drainage District No. 1, a component unit of St. Mary Parish, as of and for the year ended September 30, 2020, and the related notes to these financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

### 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 St. Mary Parish Consolidated Gravity Drainage District No. 1, as of September 30, 2020 and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund and Capital Maintenance Fund, 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 Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) and the Schedule of District Contributions on pages 27-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting

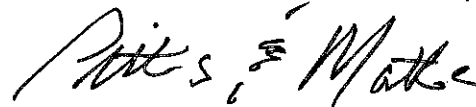
Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Compensation, Benefits, and Reimbursements to Agency Head, Political Subdivision Head, or Chief Executive Officer is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Reimbursements to Agency Head, Political Subdivision Head, or Chief Executive Officer is the responsibility of management and was derived from and related 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 Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 30, 2021, on our consideration of the St. Mary Parish Consolidated Gravity Drainage District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, 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 the St. Mary Parish Consolidated Gravity Drainage District No. 1's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
March 30, 2021

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

**Statement of Net Position  
September 30, 2020**

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$2,471,202
Accounts receivable - other governments	2,764
<b>Total current assets</b>	<u>2,473,966</u>
<b>Capital assets</b>	
Land	8,600
Buildings and improvements, net of accumulated depreciation	42,896
Equipment, net of accumulated depreciation	588,908
Infrastructure - drainage, net of accumulated depreciation	2,127,432
<b>Total net capital assets</b>	<u>2,767,836</u>
<b>Total assets</b>	<u>5,241,802</u>
<b>Deferred outflows of resources</b>	
Deferred outflows related to pensions	91,446
<b>Total assets and deferred outflows of resources</b>	<u>\$5,333,248</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$87,808
Current portion of lease obligation	146,162
<b>Total current liabilities</b>	<u>233,970</u>
<b>Long-term liabilities</b>	
Lease obligation payable after one year	321,720
<b>Total noncurrent liabilities</b>	<u>321,720</u>
Net pension liability	3,222
<b>Total liabilities</b>	<u>558,912</u>
<b>Deferred inflows of resources</b>	
Deferred inflows related to pension	149,656
<b>Total liabilities and deferred inflows of resources</b>	<u>708,568</u>
<b>Net Position</b>	
Net investment in capital assets	2,767,836
Restricted for Yokely Pump Station	32,617
Unrestricted	1,824,227
<b>Total net position</b>	<u>4,624,680</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$5,333,248</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, 2020**

<u>Expenses</u>	<u>Total</u>
Drainage	
Salaries, wages, and benefits	\$661,838
Pump operation and maintenance	263,084
Insurance	99,789
Truck expenses	80,715
Utilities	12,038
Interest	11,583
Miscellaneous	72,198
Depreciation and amortization expense	520,703
Pension expense	65,150
Total expenses	<u>1,787,098</u>
<u>General revenues</u>	
Ad valorem taxes	1,393,661
Investment income	7,291
Intergovernmental revenues	18,000
Nonemployer pension contributions	5,539
Total general revenues	<u>1,424,491</u>
Change in net assets	(362,607)
Net Position - beginning of year	<u>4,987,287</u>
Net Position - end of year	<u><u>\$4,624,680</u></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, 2020**

	<u>General Fund</u>	<u>Capital Maintenance Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$2,438,449	\$32,753	\$2,471,202
Accounts receivable - other governments	2,764		2,764
Due from Capital Maintenance	3,469		3,469
Due from General Fund	<u>                    </u>	<u>3,333</u>	<u>3,333</u>
 Total assets	 <u>\$2,444,682</u>	 <u>\$36,086</u>	 <u>\$2,480,768</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$87,808		\$87,808
Due to General Fund		3,469	\$3,469
Due to Capital Maintenance	<u>3,333</u>	<u>                    </u>	<u>3,333</u>
 Total liabilities	 <u>91,141</u>	 <u>3,469</u>	 <u>94,610</u>
 <b>Fund balances:</b>			
Unassigned	2,353,541		2,353,541
Restricted for Yokely Pump Station	<u>                    </u>	<u>32,617</u>	<u>32,617</u>
 Total fund balances	 <u>2,353,541</u>	 <u>32,617</u>	 <u>2,386,158</u>
 Total liabilities and fund balances	 <u>\$2,444,682</u>	 <u>\$ 36,086</u>	 <u>\$2,480,768</u>

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

Total fund balance - Governmental Funds	\$2,386,158
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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.	2,767,836
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Noncurrent liabilities are not due and payable in the current period and,  
therefore, they are not reported in the governmental fund balance  
sheet:

Current portion of lease obligation	\$ 146,162	
Lease obligation payable after one year	321,720	
Net pension liability	3,222	(471,104)
	<u>          </u>	<u>          </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	91,446	
Deferred inflows of resources related to pensions	(149,656)	
		<u>(58,210)</u>

Net position of governmental activities	<u>\$4,624,680</u>
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**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, 2020**

	General Fund	Capital Maintenance Fund	Total Governmental Funds
Revenues			
Ad valorem taxes	\$1,393,661		\$1,393,661
Intergovernmental revenues	18,000		18,000
Investment income	7,291		7,291
Total revenues	<u>1,418,952</u>	<u>-</u>	<u>1,418,952</u>
Expenditures			
Current operating			
Drainage			
Salaries and per diems	481,876		481,876
Personnel benefits	228,464		228,464
Pump operation and maintenance	244,736	18,348	263,084
Insurance	99,789		99,789
Truck expenditures	80,715		80,715
Utilities	12,038		12,038
Miscellaneous	72,201		72,201
Capital outlays	237,022		237,022
Long-term debt			
Payment of lease liability	123,557		123,557
Interest	11,583		11,583
Total expenditures	<u>1,591,981</u>	<u>18,348</u>	<u>1,610,329</u>
Excess (deficiency) of revenues over expenditures	<u>(173,029)</u>	<u>(18,348)</u>	<u>(191,377)</u>
Other financing sources (uses)			
Proceeds from lease	80,908		80,908
Transfer in from other funds		3,333	3,333
Transfer out to other funds	(3,333)		(3,333)
Total other financing sources (uses)	<u>77,575</u>	<u>3,333</u>	<u>80,908</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	<u>(95,454)</u>	<u>(15,015)</u>	<u>(110,469)</u>
Fund balance at beginning of year	<u>2,448,995</u>	<u>47,632</u>	<u>2,496,627</u>
Fund balance at end of year	<u>\$2,353,541</u>	<u>\$32,617</u>	<u>\$2,386,158</u>

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 (\$110,469)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays meeting the District's Capitalization Policy in the current period (\$237,022) was exceeded by depreciation and amortization (\$520,703) (283,677)

Lease proceeds provide current financial resources to governmental funds, but entering into leases increases noncurrent liabilities in the statement of net assets. 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	123,557	
Proceeds from lease	<u>(80,908)</u>	
Net Adjustment		42,649

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	48,501	
Cost of benefits earned net of employee contributions	<u>(65,150)</u>	(16,649)

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

Non employer pension contributions		<u>5,539</u>
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Change in net position of governmental activities (\$362,607)

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

**Budgetary Comparison (Non-GAAP Basis) -  
General Fund  
For the Year Ended September 30, 2020**

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts	Final Budget Positive <u>(Negative)</u>
<u>Revenues</u>				
Ad valorem taxes	\$1,366,014	\$1,392,295	\$1,393,661	\$ 1,366
Intergovernmental revenues	20,000	22,000	18,000	(4,000)
LWCC Dividend	26,654	29,012	28,443	(569)
Investment income	-	-	7,291	7,291
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,412,668	1,443,307	1,447,395	4,088
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Expenditures</u>				
Current operating				
Drainage				
Salaries and Wages	484,565	479,550	481,876	(2,326)
Personnel Benefits	261,768	234,139	228,464	5,675
Pump operation and maintenance	234,859	236,477	244,736	(8,259)
Insurance	119,731	116,432	128,232	(11,800)
Truck expenditures	82,076	88,285	80,715	7,570
Utilities	11,495	11,965	12,038	(73)
Miscellaneous	45,456	43,521	72,201	(28,680)
Capital outlays	145,718	146,487	237,022	(90,535)
Transfer to Maintenance Fund	3,334	3,333	3,333	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,389,002	1,360,189	1,488,617	(128,428)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	23,666	83,118	(41,222)	(124,340)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	1,809,357	1,752,614	2,448,995	(696,381)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$1,833,023</u>	<u>\$1,835,732</u>	<u>\$2,407,773</u>	<u>(\$820,721)</u>

**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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<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	3,334	3,333	3,333	-
	<u>10,000</u>	<u>9,999</u>	<u>3,333</u>	<u>(6,666)</u>
<u>Expenditures</u>				
Material & Repairs	1,000	-	21,681	(21,681)
Insurance-General	3,750	-	-	-
	<u>4,750</u>	<u>-</u>	<u>21,681</u>	<u>(21,681)</u>
Excess (deficiency) of revenues over expenditures	<u>5,250</u>	<u>9,999</u>	<u>(18,348)</u>	<u>(28,347)</u>
Fund balances, beginning of year	<u>40,101</u>	<u>38,760</u>	<u>47,632</u>	<u>8,872</u>
Fund balances, end of year	<u>\$ 45,351</u>	<u>\$ 48,759</u>	<u>\$ 29,284</u>	<u>\$ (19,475)</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, 2020

**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, reserves, 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 principle 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>
Ending fund balance – Non-GAAP budgetary basis	\$2,407,773
Item is not included in other financing sources:	
Proceeds from lease	80,908
Items are not included in expenditures:	
Payment of lease liability	(123,557)
Interest	<u>( 11,583)</u>
Ending fund balance – GAAP basis	<u>\$2,353,541</u>

For budget purposes, the LWCC dividend of \$28,443 is budgeted in current year revenues rather than a reduction of expenditures.

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).

## NOTE 2 - 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 2020 the carrying amount of the District's cash was \$2,471,201 and the bank balance was \$2,473,814, \$500,000 was covered by federal depository insurance and the remaining \$1,973,814 was collateralized with securities held by the financial institution, in the District's name.

## NOTE 3 - 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 4 - FIXED ASSETS

Capital asset activity for the year ended September 30, 2020 is as follows:

	<u>Balance</u> <u>9/30/19</u>	<u>Increases</u>	<u>Decrease</u>	<u>Balance</u> <u>9/30/20</u>
Capital assets not being depreciated				
Land	\$ <u>8,600</u>			\$ <u>8,600</u>
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	2,724,173	\$237,023		2,961,196
Infrastructure-drainage	<u>5,835,197</u>	<u>          </u>	<u>          </u>	<u>5,835,197</u>
Total other capital assets at historical cost	<u>8,753,586</u>	<u>237,023</u>		<u>8,990,609</u>
Less accumulated depreciation for:				
Buildings and improvements	(146,465)	\$ (4,855)		(151,320)
Equipment	2,085,884)	(286,404)		(2,372,288)
Infrastructure-drainage	<u>(3,478,321)</u>	<u>(229,444)</u>	<u>          </u>	<u>(3,707,765)</u>
Total accumulated depreciation	<u>(5,710,670)</u>	<u>(520,703)</u>	<u>          </u>	<u>(6,231,373)</u>
Other capital assets, net	<u>3,042,916</u>	<u>(283,680)</u>	<u>          </u>	<u>2,759,236</u>
Total capital assets, net	<u>\$3,051,516</u>	<u>\$(283,680)</u>	<u>\$          </u>	<u>\$2,767,836</u>

Depreciation expense for the year is approximately \$521,000 (including amortization of \$151,000).

Equipment includes capitalized right-to-use lease assets of \$736,000. Accumulated depreciation for equipment includes accumulated amortization on these lease assets of \$385,000.

## NOTE 5 – LEASES

In prior years, the District entered into three long term leasing arrangements for construction equipment totaling \$655,000.

During the current year, the District entered into one long-term leasing arrangement for construction equipment totaling \$81,000.

Future lease payments under these leasing arrangements are as follows:

Year Ended	Principal	Interest	Total
2021	\$146,162	\$13,847	\$160,008
2022	151,360	8,648	160,008
2023	101,691	3,740	105,431
2024	48,534	11,332	49,866
2025	<u>20,135</u>	<u>232</u>	<u>20,367</u>
Total	<u>\$467,882</u>	<u>\$27,799</u>	<u>\$495,681</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 6 - COMPENSATION OF BOARD MEMBERS

Board members received the following per diems for the year ended September 30, 2020:

<u>Name</u>	<u>Amount</u>
Earlon Arnaud	\$ 1,550
Alton Broussard	1,400
Donnie Coots	1,650
Lamonika Dwyer	1,500
Chad Gianfala	1,650
J.P. Hebert, Jr.	1,650
Cleveland Jackson	<u>1,650</u>
	<u>\$11,050</u>

## NOTE 7 – 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 7 – 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 7 – 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 7 – 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, 2019, the actuarially determined contribution rate was 12.18% of member's compensation. However, the actual rate for the fiscal year ending December 31, 2019 was 11.50%. Contributions to the Pension Plan from the District were \$53,773 for the year ended September 30, 2020.

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 7 – PENSION PLAN (continued)

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

At September 30, 2020, the District reported a liability (asset) of \$3,222 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, 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, 2019, the District's proportion was 0.068450%, which was an increase of 0.006804% from its proportion measured as of December 31, 2019. For the year ended September 30, 2020, the District recognized pension expense of \$65,150. The District recognized revenue of \$5,539 as its proportionate share of non-employer contributions for the year ended September 30, 2020. At September 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience		\$28,846
Change of assumptions	\$45,003	
Net difference between projected and actual investment earnings on pension plan investments		120,787
Change in proportion and differences between the District's contributions and proportionate share of contributions	8,038	23
District's contributions subsequent to the measurement date	38,405	
	<u>\$91,446</u>	<u>\$149,656</u>

The District's amount reported as deferred outflows of revenues 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 2021.

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:

2020	\$ (20,435)
2021	(27,418)
2022	5,616
2023	(54,378)

NOTE 7 – PENSION PLAN (continued)

**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2019, are as follows:

Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.50% (Net of investment expense)
Expected Remaining Service lives	4 years
Projected Salary Increases	4.75% (2.35% Merit/2.40% 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 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 7 – 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 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% for the year ended December 31, 2019.

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, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	35%	1.05%
Equity	52%	3.41%
Alternatives	11%	0.61%
Real Assets	2%	0.11%
Totals	100%	5.18%
Inflation		2.0%
Expected Arithmetic Nominal Return		7.18%

**Discount Rate**

The discount rate used to measure the total pension liability was 6.50%. 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 7 – 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 6.50%, 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 5.50% or one percentage point higher 7.50% than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
District's Proportionate Share of Net Pension Liability (Asset)	\$348,266	\$3,222	\$(285,918)

The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2019. 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 8 - 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 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 9 - 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.

NOTE 10 – EXPENDITURES – EXCESS OF ACTUAL OVER APPROPRIATED

Actual expenditures exceeded appropriated expenditures by significant amounts in the following funds for 2020:

<u>Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Unfavorable Variance</u>
General Fund	\$1,488,617	\$1,360,189	\$128,423
Capital Maintenance Fund	21,681		21,681

NOTE 11 – SUBSEQUENT EVENT

Subsequent to year end, the District had a storage building constructed for the amount of \$76,000.

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, 2019 (The Plan Measurement Date)

	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.068450%	0.061646%	0.059651%	0.059870%	0.061322%
Amount of District's proportionate share of the net pension liability (asset)	\$ 3,222	\$ 273,607	\$ (44,276)	\$ 123,303	\$ 161,417
District's covered-employee payroll	\$ 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	0.74%	72.51%	(12.06%)	34.87%	45.91%
Plan fiduciary net position as a percentage of the total pension liability	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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 53,773	\$ 51,705	\$ 43,593	\$ 45,503	\$ 49,637	\$ 48,811
Contributions in relation to the contractually require contribution	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 432,146	\$ 418,381	\$ 370,690	\$ 360,439	\$ 369,715	\$ 327,814
Contributions as a percentage of covered-employee payroll	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

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, 2020

Supervisor: Harry Pontiff

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 61,140
Benefits-Insurance	14,951
Benefits-Retirement	9,227
Reimbursements	237
Total	<u>\$ 85,555</u>

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

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND  
OTHER MATTERS SECTION



a corporation of  
certified public accountants

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, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the St. Mary Parish Consolidated Gravity Drainage District No. 1's basic financial statements, and have issued our report thereon dated March 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the St. Mary Parish Consolidated Gravity Drainage District No. 1'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 St. Mary Parish Consolidated Gravity Drainage District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the St. Mary Parish Consolidated Gravity Drainage District No. 1'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 2020-001 that we consider to be a material weakness.

#### Compliance and Other Matters

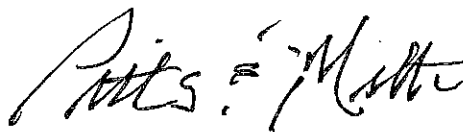
As part of obtaining reasonable assurance about whether the St. Mary Parish Consolidated Gravity Drainage District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 one instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is detailed in the accompanying schedule of findings as 2020-002.

#### 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 and questioned costs. St. Mary Parish Consolidated Gravity Drainage District No. 1'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 30, 2021

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

Schedule of Findings  
For the Year Ended September 30, 2020

**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 one material instance of noncompliance or other matter required to be reported.

3. Federal Awards

This section is not applicable for the year ended September 30, 2020.



## B. FINDINGS - FINANCIAL STATEMENT AUDIT

### INTERNAL CONTROL

#### Material Weakness

##### ITEM 2020-001

##### 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.

### COMPLIANCE AND OTHER MATTERS

#### ITEM NO. 2020-002 NONCOMPLIANCE WITH BUDGET MONITORING

##### Auditors' Comments

Condition: During the course of the audit for the year ended September 30, 2020, it was noted that the District's operating budget needed amendments which were not made.

Criteria: State Statute require that budgets be amended when actual revenues are less than budgeted revenues by five percent or more or actual expenditures exceed budgeted expenditures by five percent or more.

Effect: Failure to amend budgets to recognize anticipated shortfalls in funds prevents the District from effectively curtailing projects and/or services in accordance with actual available resources.

Cause: The operating budget was not amended although actual expenditures were more than budgeted expenditures by five percent or more:

<u>Fund</u>	<u>Actual Amount</u>	<u>Budgeted Amount</u>	<u>Variance</u>	<u>Percent</u>
General Fund	\$1,488,617	\$1,360,189	\$(128,428)	9.4%
Capital Maintenance Fund	\$21,681		(21,681)	100%

Recommendation: The District should fine tune its budget monitoring program to periodically make budget adjustment when variances exceed percentages as specified in the state statute.

Management's Response: We will monitor budget variances on a monthly basis and budget adjustments will be made when variances exceed the percentages as specified in the state statute.

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

This section is not applicable for the year ended September 30, 2020.

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 2019-001 - 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.

ITEM NO. 2019-002- Compliance and Other Matters

Item of Noncompliance

Noncompliance with Budget Monitoring

Condition: During the course of the audit for the year ended September 30, 2020, it was noted that the District's operating budget needed amendments which were not made.

Corrective Action: This was not corrected.

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:  
Earlon Arnaud  
Alton Broussard, Jr.  
Lamonika Dwyer  
J.P. Hebert, Jr.

March 30, 2021

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

Dear Mr. Pupera:

St Mary Parish Consolidated Gravity Drainage District No. 1, respectfully submits the following correction action plan for the year ending September 30, 2020.

### 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. 2020-001

Segregation of Duties: While performing audit test and inquiring about internal control, out 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.

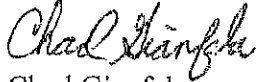
Noncompliance: RE: Item No. 2020-002

Noncompliance with Budget Monitoring: Our auditors notified us that we did not amend our budget as required by State Statute.

Corrective Action: We will monitor budget variances on a monthly basis and budget adjustments will be made when variances exceed the percentages as specified in the state statute.

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

A handwritten signature in cursive script that reads "Chad Gianfala".

Chad Gianfala  
President