

**GRAVITY DRAINAGE DISTRICT NO. 6
OF THE PARISH OF ST. MARY**

Amelia, Louisiana

Year Ended September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Gravity Drainage District No. 6 of the Parish of St. Mary
Amelia, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Gravity Drainage District No. 6 of the Parish of St. Mary (hereinafter, the "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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 the major fund of the District, as of September 30, 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.

Emphasis of a Matter

As described in note 10 to the financial statements, a cooperative endeavor agreement will become effective on October 1, 2020. The provisions of the agreement will significantly impact the operations of the District. Our opinion on the basic financial statements is not affected with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require certain information 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 budgetary comparison information on pages 25 and 26 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has not presented 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 6, 2021

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Net Position
September 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 88,625
Investments	2,276,342
Prepaid expenses	12,330
Capital assets:	
Land and construction in progress	1,182,920
Other, net of accumulated depreciation	<u>747,382</u>
Total assets	<u>4,307,599</u>
LIABILITIES	
Accounts payable	<u>75,899</u>
NET POSITION	
Net investment in capital assets	1,930,302
Unrestricted	<u>2,301,398</u>
Total net position	<u>\$ 4,231,700</u>

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

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Activities
Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
Drainage works	\$ 337,171	\$ 489,255	\$ 152,084
	General revenues:		
	Taxes-		
	Property taxes, levied for maintenance		395,247
	Interest and investment earnings		25,174
	Miscellaneous		<u>8,251</u>
	Total general revenues		<u>428,672</u>
	Change in net position		580,756
	Net position - October 1, 2019		<u>3,650,944</u>
	Net position - September 30, 2020		<u>4,231,700</u>

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

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTION

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Balance Sheet
Governmental Fund
September 30, 2020

	<u>General Fund</u>
ASSETS	
Assets:	
Cash and interest-bearing deposits	\$ 88,625
Investments	<u>2,276,342</u>
Total assets	<u>\$ 2,364,967</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	<u>\$ 75,899</u>
Fund balance:	
Committed - construction projects	1,915,675
Unassigned	<u>373,393</u>
Total fund balances	<u>2,289,068</u>
Total liabilities and fund balance	<u>\$ 2,364,967</u>

(continued)

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Balance Sheet (continued)
Governmental Fund
September 30, 2020

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

Total fund balances for governmental funds at September 30, 2020	\$ 2,289,068
Cost of capital assets	1,930,302
Prepaid expenses	<u>12,330</u>
Net position at September 30, 2020	<u>\$ 4,231,700</u>

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

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended September 30, 2020

	<u>General Fund</u>
Revenues:	
Local Sources-	
Ad valorem taxes	\$ 395,247
Interest income	25,174
Miscellaneous	<u>8,251</u>
Total revenues	<u>428,672</u>
Expenditures:	
Current -	
Drainage works	
General government	100,856
Repairs and maintenance	71,135
Professional fees	28,541
Fuel and utilities	31,195
Capital outlay	<u>194,630</u>
Total expenditures	<u>426,357</u>
Net change in fund balance	2,315
Fund balance, beginning	<u>2,286,753</u>
Fund balance, ending	<u>\$ 2,289,068</u>

(continued)

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
Governmental Fund
Year Ended September 30, 2020

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of the Governmental Fund to the Statement of Activities

Total net changes in fund balance for the year ended September 30, 2020	
Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 2,315
Contributions of capital assets	489,255
Cost of capital assets additions	194,630
Depreciation expense	(98,723)
Net change in prepaid expenses	<u>(6,721)</u>
Total changes in net position for the year ended September 30, 2020 per	
Statement of Activities	<u>\$ 580,756</u>

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

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements

Gravity Drainage District No. 6 of the Parish of St. Mary (hereinafter "District"), was created and established pursuant to the provisions of an ordinance adopted by the St. Mary Parish Council (formerly the St. Mary Parish Police Jury), in compliance with the provisions of Louisiana Revised Statutes. The District is managed by a board of commissioners appointed by the St. Mary Parish Council. The District has full power and authority to drain lands in the district by construction, maintenance and operation of gravity and/or forced drainage facilities, including drains, drainage canals, ditches, pumps and pumping plants, dikes, levees and other related works.

(1) Summary of Significant Accounting Policies

The more significant of the District's accounting policies are described below.

A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Government is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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 Statement (GASB) No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the St. Mary Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

Because the Parish Council appoints the governing body and has the ability to significantly impose its will, the District is a component unit of the St. Mary Parish Government, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

B. Basis of Presentation

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. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities presents a comparison between direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the District, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund of the District is considered to be the major fund and is described below:

Governmental Fund –

General Fund – this fund is the primary operating fund of the District and it accounts for the operations of the District's office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

C. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the statement of net position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings, pump stations and improvements	20 – 40 years
Drainage system improvements	5 – 12 years
Equipment, pumps and engines	5 – 7 years
Land, canals, levees and construction in progress	not depreciated

D. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities 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.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. The District uses the following practices in recording certain revenues and expenditures:

Revenues

Intergovernmental revenues are recorded when approved for payment by the payer or governing body.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

E. Cash

Cash includes amounts in demand deposits and interest bearing demand deposits.

Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. Investments

Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. All of the District's investments are in LAMP, which are stated at amortized cost.

G. Prepaid Items

Insurance payments made to insurance agencies that will benefit periods beyond the current period are recorded as prepaid items.

H. Equity Classifications

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

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

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

Fund balance for the District's governmental fund is displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form (such as prepaid amounts) or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent 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.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through formal actions of the Board of Commissioners.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board of Commissioners may assign amounts for specific purposes.
- e. Unassigned – amounts that are available for any purpose.

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 Board of Commissioners has provided otherwise in its commitment of assignment actions.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(2) Cash

At September 30, 2020, the District has cash (book balances) totaling \$88,625 as follows:

Cash in demand deposits	<u>\$ 88,625</u>
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Under state law, deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2020, the District has \$88,465 in deposits (bank balances) which are entirely secured from risk by federal deposit insurance.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the District will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. Since the District's total bank balances were fully insured, the deposits are not exposed to custodial credit risk.

(3) Investments

Investments held at September 30, 2020 consist of \$2,276,342 in the Louisiana Asset Management Pool. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statements No. 40, *Deposit and Investment Risk Disclosure*, requires the disclosure of credit risk, custodial credit risk, interest rate risk, concentration of credit risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investments pools:

- Credit risk – LAMP is rated AAAm by Standard & Poor's.
- Custodial credit risk – LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

- Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk – 2a7-like investment pool are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- Foreign currency risk – not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of September 30, 2019. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The District measures and records its investments using fair value guidelines established by GASB 72, which recognizes a three-tiered fair value hierarchy as follows:

- Level 1 – quoted prices for identical investments in active markets
- Level 2 – observable inputs other than quoted market prices
- Level 3 – unobservable inputs

The District's investments in LAMP are measured using observable inputs other than quoted market prices (Level 2 inputs). The investments in LAMP are valued using quoted market prices of the underlying investment of LAMP on a weekly basis and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(4) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property within the District's taxing area as of January 1 of each year. Taxes are levied by the District in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The St. Mary Parish Sheriff bills and collects the District's property taxes using the assessed values determined by the tax assessor of St. Mary Parish. District property tax revenues are budgeted in the year billed. For the year ended September 30, 2020, the District levied a property tax of 7.81 mills for maintenance and operations on property with assessed valuations totaling \$52,640,588. The total taxes assessed were \$411,123.

(5) Tax Abatements

The District is subject to certain property tax abatements granted by the Louisiana Board of Commerce and Industry ("LBCI"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the District may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). For the year ended September 30, 2020, the District incurred abatements of ad valorem taxes through ITEP.

ITEP is authorized by Article 7, Section 21(F) of the Louisiana Constitution. Companies qualifying as manufacturers can apply to the LBCI for a property tax exemption on all new property, as defined, used in the manufacturing process. Under ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5 year term and are renewable for an additional 5 year term upon approval by LBCI. These state-granted abatements have resulted in reductions of property taxes, which is administered as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement. For the year ended September 30, 2020, \$64,007 of the District's ad valorem tax revenues were abated by the state of Louisiana through ITEP.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(6) Capital Assets

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

	Balance 10/1/2019	Additions	Deletions	Balance 9/30/2020
Governmental activities:				
Capital assets not being depreciated:				
Land (levees and canals)	\$ 195,315	\$ -	\$ -	\$ 195,315
Construction in progress	352,994	652,340	(17,729)	987,605
Total capital assets not being depreciated	548,309	652,340	(17,729)	1,182,920
Capital assets, being depreciated:				
Equipment, pumps and engines	714,865	10,200	-	725,065
Pump station improvements	1,505,419	34,583	-	1,540,002
Drainage improvements	191,726	4,491	-	196,217
Buildings	29,994	-	-	29,994
Total capital assets, being depreciated	2,442,004	49,274	-	2,491,278
Less: accumulated depreciation				
Equipment, pumps and engines	522,375	44,087	-	566,462
Pump station improvements	944,285	50,699	-	994,984
Drainage improvements	156,149	3,482	-	159,631
Buildings	22,364	455	-	22,819
Total accumulated depreciation	1,645,173	98,723	-	1,743,896
Total capital assets being depreciated, net	796,831	(49,449)	-	747,382
Net capital assets	\$ 1,345,140	\$ 602,891	\$ (17,729)	\$ 1,930,302

Depreciation expense in the amount of \$98,723 was charged to drainage works.

Construction Commitment: The District has an on-going HMGP project through the St. Mary Parish Government to refurbish Pump Station 2/2A. The District's funding responsibility is 25% of project costs. At September 30, 2020, \$2,118,362 of the construction contract has not yet been completed. The District's 25% responsibility is \$529,591.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(7) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Commission is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the general fund are as follows:

	<u>General</u>
Fund balances:	
Committed for -	
Capital projects and improvements	1,915,675
Unassigned	<u>373,393</u>
Total fund balances	<u>\$ 2,289,068</u>

(8) Compensation Paid to Board Members

The schedule of compensation paid to the Board of Commissioners for the period ended September 30, 2020:

	<u>Per Diem Received</u>
Leroy Breaux	\$ 650
Scott Singleton	1,288
Anthony Marcell	65
Nick Morris	585
Royal Young	455
Newton Gaudet	585
Theodore Bailey	390
Larry Aucoin	<u>650</u>
Total	<u>\$ 4,668</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. With the exception of per diem, no other payments which would require disclosure were made to the District's chief officer. For the year ended September 30, 2020 the District's chief officer was Leroy Breaux from October 2020 through July 2020 and Theodore Bailey from July 2020 through September 2020. Required disclosures are as follows:

	<u>Leroy Breaux</u>	<u>Theodore Bailey</u>
Meeting attendance	\$ 585	\$ 390
Training	<u>65</u>	<u>-</u>
	<u>\$ 650</u>	<u>\$ 390</u>

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(9) Related Party Transactions

The St. Mary Parish Government has submitted Hazard Mitigation Grant Program applications on behalf the District to complete mitigation projects. The federal grants will fund 75% of the projects, and the District is responsible for the remaining 25% of the project. The following projects were in process during the year ended September 30, 2020:

- a) Drainage improvements for the Pump Stations 2 and 2A drainage basin. During the year, the District's required contribution paid to the Parish was \$163,085. The Parish's contribution, reimbursable by the Hazard Mitigation Grant Program, was \$489,255.
- b) Construction of a safe room. Although this project is still in process, there was no activity recorded for the year ended September 30, 2020.

(10) Subsequent Event

On October 1, 2020, a cooperative endeavor agreement between Gravity Drainage District No. 6 of the Parish of St. Mary ("GDD6"), Consolidated Gravity Drainage District No. 2A of the Parish of St. Mary ("CGDD2A"), and the Parish of St. Mary ("the Parish") will become effective. The agreement provides for the following:

- GDD6 transfers all right, title, and interest in its drainage system, including all equipment, supplies, and movable and immovable property currently in the name of GDD6 to CGDD2A.
- All funds, including all bank accounts held in the name of GDD6 shall be assigned to and held in the name of CGDD2A.
- Risk of loss of damage to the drainage system by casualty (whether or not covered by insurance) will pass to CGDD2A.
- CGDD2A, in its sole discretion will operate the drainage system as a separate system or in combination with other assets and/or systems owned or operated by CGDD2A.
- GDD6 will continue to levy and collect all taxes currently being levied and collected and upon receipt, transfer the funds to CGDD2A. Upon receipt of the tax proceeds from GDD6, CGDD2A shall hold them exclusively for and be used exclusively in the territory covered by GDD6.
- CGDD2A will be responsible for the management (including termination, in its sole discretion) of all current employees of GDD6 and for the hiring, management, and termination of all future employees.

REQUIRED SUPPLEMENTARY INFORMATION

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2020

	Budgeted Amounts			Variance - Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ 395,247	\$ 395,247
Interest income	-	-	25,174	25,174
Miscellaneous income	-	-	8,251	8,251
Total revenues	-	-	428,672	428,672
Expenditures:				
Current -				
Drainage works				
General government	117,000	117,000	100,856	16,144
Repairs and maintenance	170,100	170,100	71,135	98,965
Professional fees	25,000	25,000	28,541	(3,541)
Utilities	48,000	48,000	31,195	16,805
Capital outlay	55,000	55,000	194,630	(139,630)
Total expenditures	415,100	415,100	426,357	(11,257)
Net change in fund balance	(415,100)	(415,100)	2,315	417,415
Fund balance, beginning	2,286,753	2,286,753	2,286,753	-
Fund balance, ending	\$ 1,871,653	\$ 1,871,653	\$ 2,289,068	\$ 417,415

See notes to budgetary comparison schedule.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Budgetary Comparison Schedule

(1) Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

(2) Budgetary Practices

The District prepares and adopts a budget in accordance with LSA-RS 39:1301 et seq; however, the District did not adopt a revenue budget. The annual budget for the General Fund is prepared in accordance with the basis of accounting utilized by that fund.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are performed.

(3) Actual Expenditures in Excess of Budgeted Appropriations

Actual expenditures exceeded budgeted appropriations in the General Fund by \$11,257.

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

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Phone (337) 232-4141 Phone (225) 293-8300

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Alexandria, LA 71301 New Iberia, LA 70560
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Commissioners
Gravity Drainage District No. 6 of the Parish of St. Mary
Amelia, Louisiana

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Gravity Drainage District No. 6 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 6, 2021.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 have not been identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses which are described in the accompanying schedule of audit results and findings as items 2020-001, 2020-002, and 2020-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 financial statements. 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit results and findings as item 2020-004.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying corrective action plan for current year findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 6, 2021

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2020

A. Internal Control

2019-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CURRENT STATUS: See schedule of audit results and findings item 2020-001.

2019-002 Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CURRENT STATUS: See schedule of audit results and findings item 2020-002.

B. Compliance

No findings were reported in this section.

C. OMB Uniform Guidance

Not applicable in the prior period.

D. Management Letter

CONDITION: The District failed to publish minutes for two open meetings held during the fiscal year ended September 30, 2019.

CURRENT STATUS: See schedule of audit results and findings item 2020-003.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Audit Results and Findings
Year Ended September 30, 2020

Part I. Summary of auditor's results:

Financial Statements

1. Type of auditor's report issued on financial statements:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental activities	Unmodified
Major fund:	
General	Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	<u>✓</u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u>✓</u> none reported

3. Noncompliance material to the financial statements?

✓ yes no

Other

4. Management letter issued?

 yes ✓ no

Part II. Findings relating to an audit in accordance with Government Auditing Standards:

A. Internal Control

2020-001 Segregation of Duties

Year Initially Occurring: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The District's internal control over financial reporting includes those policies and procedures that pertain to the District's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2020

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

2020-002 Financial Reporting

Year Initially Occurring: Unknown

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CRITERIA: The District's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the auditor as part of the internal control process.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

2020-003 Bank Reconciliations

Year Initially Occurring: Year Ended September 30, 2020

CONDITION: Certain bank reconciliations were not prepared.

CRITERIA: The District's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a failure to prepare bank reconciliations.

EFFECT: Failure to properly prepare bank reconciliations and prepare the reconciliations on a timely basis may cause the District's cash account book balances to be inaccurate.

RECOMMENDATION: We recommend that the District implement policies and procedures to ensure that bank reconciliations are performed on a monthly basis.

GRAVITY DRAINAGE DISTRICT NO. 6 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2020

B. Compliance

2020-004 Minutes

Year Initially Occurring: Year Ended September 30, 2020

CONDITION: The District failed to keep written minutes for two open meetings and to publish written minutes for one open meeting held during the fiscal year ended September 30, 2020. The District also failed to keep minutes in a well bound book.

CRITERIA: RS 42:20 requires that "all public bodies shall keep written minutes of all of their open meetings." The reference is to "open meetings" since statutes provide for executive sessions or closed meetings. (See RS 42:16 - 18) RS 42:20 also requires the minutes be available "within a reasonable time after the meeting". Also, RS 38:1612 states the following:

"The board of commissioners of drainage districts shall cause to be kept a well bound book, entitled "Record of Board of Commissioners of (Here insert name of drainage district)" in which shall be recorded the minutes of all meetings, all proceedings, certificates, oaths of commissioners, bonds of employees and contractors, and any and all corporate acts. The records shall be in the possession of the secretary of the board and shall be open to inspection at all times by any person interested."

CAUSE: The cause of the conditions is the result of a failure to document minutes for two open meetings and to publish written minutes for one open meeting.

EFFECT: The failure to keep written minutes and to make written minutes available within a reasonable period of time may be a violation of RS 42:20 and RS 38:1612.

RECOMMENDATION: We recommend that the District prepare written minutes for its open meetings, and publish these minutes in its official journal within a reasonable time.

Part III: Findings and questioned costs reported in accordance with the Uniform Guidance:

The requirements of the Uniform Guidance do not apply to the District.

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX A

St. Mary Parish Gravity Drainage District No. 6
Post Office Box 317
Amelia, Louisiana 70340

May 6, 2021

Kolder, Slaven & Company, LLC
1201 David Drive
Morgan City, LA 70380

The following is in response to the findings resulting from Gravity Drainage District No. 6 of the Parish of St. Mary's (hereinafter "District") audit for the fiscal year ended September 30, 2020:

2020-001 Segregation of Duties

Accounting and financial functions are not adequately segregated.

Management's Response

Corrective Action Plan: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve adequate segregation of duties.

Name of person responsible for corrective action: As described above, corrective action is not considered necessary.

Anticipated completion date for the corrective action: As described above, corrective action is not considered necessary.

2020-002 Financial Reporting

Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

Management's Response

Corrective Action Plan: The financial reporting process will continue to be outsourced to the District's external auditors due to the increased costs necessary to correct the condition.

Name of person responsible for corrective action: As described above, corrective action is not considered necessary.

Anticipated completion date for the corrective action: As described above, corrective action is not considered necessary.

2020-003 Bank Reconciliations

Certain bank reconciliations were not prepared.

Management's Response

Corrective Action Plan: The District will prepare bank reconciliations monthly.

Name of person responsible for corrective action: Christina Bourg, Secretary

Anticipated completion date for the corrective action: September 30, 2021

2020-004 Minutes

The District failed to keep written minutes for two open meetings and to publish written minutes for one open meeting held during the fiscal year ended September 30, 2020. The District also failed to keep minutes in a well bound book.

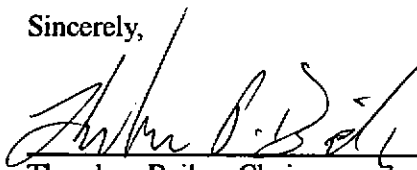
Management's Response

Corrective Action Plan: The District will keep written minutes for all open meetings, maintain the required well bound book, and publish all written minutes in a timely manner.

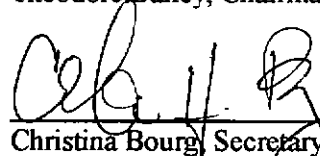
Name of person responsible for corrective action: Christina Bourg, Secretary

Anticipated completion date for the corrective action: September 30, 2021

Sincerely,



Theodore Bailey, Chairman



Christina Bourg, Secretary