

**GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY**

Bayou Vista, Louisiana

Financial Statements

Year Ended September 30, 2025

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements	
Statement of net position	6
Statement of activities	7
Fund financial statements	
Governmental fund:	
Balance sheet	9-10
Statement of revenues, expenditures, and change in fund balance	11-12
Notes to financial statements	13-22
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule	24
Notes to budgetary comparison schedule	25
INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	27-28
Schedule of audit results and findings	29-30
Summary schedule of prior review findings	31
Corrective action plan for current audit findings	32

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
Casey L. Ardoin, CPA, CFE\*  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA  
Deidre L. Stock, CPA

*Of Counsel*  
C. Burton Kolder, CPA\*

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA - retired 2022  
Gerald A. Thibodeaux, Jr., CPA\* - retired 2024

\* A Professional Accounting Corporation

183 S. Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 11929 Bricksome Ave.  
Ville Platte, LA 70586 Baton Rouge, LA 70816  
Phone (337) 363-2792 Phone (225) 293-8300

WWW.KCSRCPAS.COM

## INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners  
Gravity Sub-Drainage District No. 1 of Gravity  
Drainage District No. 2 of the Parish of St. Mary  
Bayou Vista, Louisiana

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and the major fund of Gravity Sub-Drainage District No. 1 of Gravity Drainage District No. 2 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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the District, as of September 30, 2025, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

## ***Responsibilities of Management for the Financial Statements***

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

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

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

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require budgetary comparison information to be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2026, 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  
February 25, 2026

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Statement of Net Position  
September 30, 2025

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and interest-bearing deposits	\$ 976
Investments	1,747,957
Refundable deposits	50
Prepaid expenses	<u>12,445</u>
Total current assets	<u>1,761,428</u>
Noncurrent assets:	
Construction in progress	137,482
Capital assets, net of accumulated depreciation	<u>447,734</u>
Total noncurrent assets	<u>585,216</u>
Total assets	<u>2,346,644</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	<u>50,007</u>
<b>NET POSITION</b>	
Net investment in capital assets	585,216
Unrestricted	<u>1,711,421</u>
Total net position	<u>\$ 2,296,637</u>

*The accompanying notes to financial statements are an integral part of this statement.*

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Statement of Activities  
Year Ended September 30, 2025

	<u>Governmental Activities</u>
Expenses:	
Drainage works	<u>\$ 521,931</u>
General Revenues:	
Ad valorem taxes	329,737
Intergovernmental	16,178
Interest income	32,782
Miscellaneous	105,847
Settlement proceeds	<u>1,150,000</u>
Total general revenues	<u>1,634,544</u>
Change in net position	1,112,613
Net position, beginning	<u>1,184,024</u>
Net position, ending	<u><u>\$ 2,296,637</u></u>

*The accompanying notes to financial statements are an integral part of this statement.*

**FUND FINANCIAL STATEMENTS**

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Balance Sheet  
Governmental Fund  
September 30, 2025

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 976
Investments	1,747,957
Refundable deposits	50
Prepaid expenditures	<u>12,445</u>
Total assets	<u>\$1,761,428</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 50,007</u>
Fund balance:	
Nonspendable - prepaid expenditures	12,445
Unassigned	<u>1,698,976</u>
Total fund balance	<u>1,711,421</u>
Total liabilities and fund balance	<u>\$1,761,428</u>

(continued)

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Balance Sheet (continued)  
Governmental Fund  
September 30, 2025

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

Total fund balances for governmental funds at September 30, 2025	\$ 1,711,421
Construction in progress	137,482
Capital assets, net of accumulated depreciation	<u>447,734</u>
Total net position for governmental activities at September 30, 2025	<u>\$ 2,296,637</u>

*The accompanying notes to financial statements are an integral part of this statement.*

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Statement of Revenues, Expenditures, and Change in Fund Balance  
Governmental Fund  
Year Ended September 30, 2025

	General Fund
Revenues:	
Ad valorem taxes	\$ 329,737
Intergovernmental	16,178
Interest income	32,782
Miscellaneous	3,932
Settlement proceeds	<u>1,150,000</u>
Total revenues	<u>1,532,629</u>
Expenditures:	
Drainage works -	
Advertising	1,214
Diesel fuel for pumps	351
Electrical	8,967
Insurance	87,176
Maintenance and repairs	62,857
Miscellaneous	69
Office supplies	1,550
Payroll tax expense	10,606
Pension deductions from ad valorem taxes	10,854
Per diem - board	3,835
Professional fees	135,325
Salaries and wages	145,878
Supplies	4,777
Telephone	2,779
Truck	<u>2,190</u>
Total expenditures	<u>478,428</u>
Excess of revenues over expenditures	<u>1,054,201</u>
Other financing sources:	
Insurance proceeds	<u>101,915</u>
Net change in fund balance	1,156,116
Fund balance, beginning	<u>555,305</u>
Fund balance, ending	<u>\$ 1,711,421</u>

(continued)

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Statement of Revenues, Expenditures, and Change in Fund Balance (continued)  
Governmental Fund  
Year Ended September 30, 2025

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

Net change in fund balance-governmental fund	\$ 1,156,116
Depreciation	<u>(43,503)</u>
Change in net position of governmental activities	<u>\$ 1,112,613</u>

*The accompanying notes to financial statements are an integral part of this statement.*

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Gravity Sub-Drainage District No. 1 of Gravity Drainage District No. 2 (the District), which is a component unit of the Parish of St. Mary, was created by Ordinance No. 623 on July 24, 1957. The purpose of the District is the draining and reclaiming of the undrained or partially drained marsh, swamp, and overflowed lands in the area specified in its creation ordinance.

A. Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the District's executive and legislative branches (the Board of Commissioners). Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. The District is a component unit of the Parish of St. Mary.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the government. Both the government-wide and the fund financial statements categorize primary activities as governmental.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and items not properly included among program revenues are reported as general revenues.

A separate financial statement is provided for the governmental fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues in the year for which they are earned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to taxpayers. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues and interest on investments.

The District has the following fund type:

Governmental Fund -

The focus of the governmental fund's measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

General Fund-

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market. The interest-bearing deposits are time deposits, which are fully secured through the pledge of bank-owned securities or the Federal Deposit Insurance Corporation (FDIC) insurance coverages.

E. 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.

F. Receivables

All receivables are shown net of an allowance account, as applicable.

G. Prepaid Items

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

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

H. Capital Assets

Assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing 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, infrastructure, and improvements	25-40 years
Equipment, pumps, and engines	5-15 years

I. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District may report deferred inflows arising from unavailable revenues. Unavailable revenue occurs under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet.

J. Equity Classifications

Government-wide Financial Statements

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

1. 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.
2. 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.
3. Unrestricted – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first.

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

Fund Financial Statements

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:

1. 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.
2. 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.
3. Committed – amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through formal actions by the Board of Commissioners.
4. Assigned – amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. Under the District's policy, only the Board of Commissioners may assign amounts for specific purposes.
5. 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 have provided otherwise in its commitment or assignment actions.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. These estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results may differ from those estimates.

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

L. Compensated Absences

The District has the following policy relating to annual leave and sick leave:

1. Vacation Leave

Vacation leave is based on the employees' anniversary year, which is established by the employees' first day of active employment with the District. Full-time employees of the District earned 10 days after the first full year of employment with no carryover from year to year.

2. Sick Leave

Full-time employees of the District earned and accumulated sick leave at a rate of 1 day per month for a total of 12 days per year. Full-time employees may accrue up to 30 days of sick leave. Any unused sick leave upon end of employment will be paid up to 30 days.

Compensated absence liability is reported in accordance with GASBS No. 101, *Compensated Absences*. As of September 30, 2025, the liability increased by \$7,292, net.

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks having principal offices in Louisiana. At September 30, 2025, the District had cash and cash equivalents (book balances) totaling \$976 in cash and interest-bearing deposits.

The District's deposits are stated at cost, which approximates market. 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 must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

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. At September 30, 2025, the District has \$1,106 in deposits (bank balances). These deposits are secured from risk by federal deposit insurance and are, therefore, not exposed to custodial credit risk.

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

(3) Investments

Investments held at September 30, 2025 consist of \$1,747,957 in the Louisiana Asset Management Pool (LAMP). 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, concentration of credit risk, and foreign currency risk for all public entity investments.

The following LAMP is a 2a7-like investment pool 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.

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – 2a7-like investment pools 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 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.

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of September 30, 2025. 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.

(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 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, 2025, taxes of 12.46 mills were levied on property with net assessed valuations totaling \$26,527,892. Total ad valorem taxes originally levied were \$330,538.

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

(5) Capital Assets

A summary of capital assets activity for the year ended September 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Construction in progress	\$ 137,482	\$ -	\$ -	\$ 137,482
Capital assets being depreciated				
Buildings, pump stations, infrastructure, and improvements	826,354	-	-	826,354
Equipment, pumps and engines	<u>631,384</u>	<u>-</u>	<u>-</u>	<u>631,384</u>
Total capital assets being depreciated	<u>1,457,738</u>	<u>-</u>	<u>-</u>	<u>1,457,738</u>
Less: accumulated depreciation				
Buildings, pump stations, infrastructure, and improvements	377,360	33,332	-	410,692
Equipment, pumps and engines	<u>589,141</u>	<u>10,171</u>	<u>-</u>	<u>599,312</u>
Total accumulated depreciation	<u>966,501</u>	<u>43,503</u>	<u>-</u>	<u>1,010,004</u>
Total capital assets being depreciated, net	<u>491,237</u>	<u>(43,503)</u>	<u>-</u>	<u>447,734</u>
Capital assets, net	<u>\$ 628,719</u>	<u>\$ (43,503)</u>	<u>\$ -</u>	<u>\$ 585,216</u>

Depreciation expense in the amount of \$45,503 was charged to drainage works.

(6) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at September 30, 2025 consist of the following:

Accounts payable	\$ 36,684
Accrued salaries	5,603
Accrued payroll taxes	428
Compensated absences	<u>7,292</u>
	<u>\$ 50,007</u>

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
 GRAVITY DRAINAGE DISTRICT NO. 2  
 OF THE PARISH OF ST. MARY  
 Bayou Vista, Louisiana

Notes to Financial Statements (continued)

(7) Compensation Paid to Board Members

For the year ended September 30, 2025, the following individuals served on the Board of Commissioners and received per diem allowances as follows:

Chad Ross	\$ 975
Wayne Cantrell	1,105
DJ Mayon	195
Mark Gowan	325
Paige Voisin	455
Raymond Beadle	<u>780</u>
Total	<u>\$ 3,835</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 a political subdivision head. The District’s chief officer was Wayne Cantrell for the period October 1, 2024 through December 31, 2024 and Chad Ross for the period January 1, 2025 through September 30, 2025. For the year ended September 30, 2025, with the exception of per diem, no other payments which would require disclosure were made to the District’s chief officers, Wayne Cantrell and Chad Ross.

(8) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The District is insured up to policy limits for each of the above risks. There were no significant changes in coverages, retentions, or limits during the year ended September 30, 2025. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

(9) New Accounting Pronouncements Scheduled to be Implemented

The following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the District’s financial report:

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the District’s financial statements has not yet been determined.

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the District's financial statements has not yet been determined.

**REQUIRED SUPPLEMENTARY INFORMATION**

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

General Fund  
Budgetary Comparison Schedule  
Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 300,000	\$ 329,287	\$ 329,737	\$ 450
Intergovernmental	16,500	16,178	16,178	-
Interest income	20,000	28,000	32,782	4,782
Miscellaneous	5,000	105,847	3,932	(101,915)
Settlement proceeds	-	-	<u>1,150,000</u>	<u>1,150,000</u>
Total revenues	<u>341,500</u>	<u>479,312</u>	<u>1,532,629</u>	<u>1,053,317</u>
<b>Expenditures:</b>				
Drainage works -				
Advertising	2,500	1,300	1,214	86
Diesel fuel for pumps	5,000	3,000	351	2,649
Electrical	10,000	10,000	8,967	1,033
Insurance	100,000	113,000	87,176	25,824
Maintenance and repairs	100,000	75,000	62,857	12,143
Miscellaneous	2,000	1,130	69	1,061
Office supplies	2,000	1,000	1,550	(550)
Payroll taxes	10,000	10,850	10,606	244
Pension deductions from ad valorem taxes	10,000	10,854	10,854	-
Per diem - board	4,000	4,000	3,835	165
Professional fees	115,000	148,000	135,325	12,675
Salaries and wages	125,000	134,000	145,878	(11,878)
Supplies	4,000	5,000	4,777	223
Telephone	3,000	3,000	2,779	221
Truck	2,000	2,000	2,190	(190)
Total expenditures	<u>494,500</u>	<u>522,134</u>	<u>478,428</u>	<u>43,706</u>
Excess (deficiency) of revenues over expenditures	(153,000)	(42,822)	1,054,201	1,097,023
<b>Other financing sources:</b>				
Insurance proceeds	-	-	<u>101,915</u>	<u>101,915</u>
Net change in fund balance	(153,000)	(42,822)	1,156,116	1,198,938
Fund balance, beginning	<u>455,399</u>	<u>555,305</u>	<u>555,305</u>	<u>-</u>
Fund balance, ending	<u>\$ 302,399</u>	<u>\$ 512,483</u>	<u>\$ 1,711,421</u>	<u>\$ 1,198,938</u>

See independent auditor's report and notes to budgetary comparison schedule

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Notes to Budgetary Comparison Schedule

(1) Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the District.

(2) Budgetary Practices

Annually, the District adopts a budget for the General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Formal budgetary integration is employed as a management control device during the year. The budget is prepared on the modified accrual basis. All budgetary appropriations lapse at the end of each fiscal year. The level of budgetary control is set at the fund level.

**INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
Casey L. Ardoin, CPA, CFE\*  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA  
Deidre L. Stock, CPA

*Of Counsel*  
C. Burton Kolder, CPA\*

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA - retired 2022  
Gerald A. Thibodeaux, Jr., CPA\* - retired 2024

\* A Professional Accounting Corporation

183 S. Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 11929 Bricksome Ave.  
Ville Platte, LA 70586 Baton Rouge, LA 70816  
Phone (337) 363-2792 Phone (225) 293-8300

WWW.KSRCPAS.COM

## 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*

The Board of Commissioners  
Gravity Sub-Drainage District No. 1 of Gravity  
Drainage District No. 2 of the Parish of St. Mary  
Bayou Vista, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Gravity Sub-Drainage District No. 1 of Gravity Drainage District No. 2 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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 25, 2026.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 a 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 a deficiency in internal control that we consider to be a material weakness which is described in the accompanying schedule of audit results and findings as item 2025-001.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

### **District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on District's response to the findings identified in our audit and described in the accompanying schedule of audit results and findings. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
February 25, 2026

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Schedule of Audit Results and Findings  
Year Ended September 30, 2025

Part I. Summary of Auditor's Results

Financial Statements

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

Opinion Unit	Type of Opinion
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?	<u>      </u> yes	<u>  ✓  </u> no
--	-------------------	-----------------

Other

4. Management letter issued?	<u>      </u> yes	<u>  ✓  </u> no
------------------------------	-------------------	-----------------

Part II: Findings reported in accordance with *Governmental Auditing Standards*

A. Internal Control

2025-001 - Inadequate 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 any other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness, 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 its ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

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

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Schedule of Audit Results and Findings (continued)  
Year Ended September 30, 2025

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.

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 for the District.

B. Compliance

No findings are reported under this section.

Part III: Findings and Questioned cost reported in accordance with the Uniform Guidance

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

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Summary Schedule of Prior Review Findings  
Year Ended September 30, 2025

A. Internal Control -

2024-001 - Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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.

CURRENT STATUS: See schedule of audit results and findings, item 2025-001.

B. Compliance –

No such items were reported.

C. Uniform Guidance –

This section was not applicable.

D. Management Letter –

Not issued in the prior period.

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF  
GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
Bayou Vista, Louisiana

Corrective Action Plan for Current Audit Findings  
Year Ended September 30, 2025

2025-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Not considered necessary.

**GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF GRAVITY DRAINAGE  
DISTRICT NO. 2 OF THE PARISH OF ST. MARY**

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2024 through September 30, 2025

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
Casey L. Ardoin, CPA, CFE\*  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA  
Deidre L. Stock, CPA

*Of Counsel*  
C. Burton Kolder, CPA\*

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA - retired 2022  
Gerald A. Thibodeaux, Jr., CPA\* - retired 2024

\* A Professional Accounting Corporation

183 S. Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 11929 Bricksome Ave.  
Ville Platte, LA 70586 Baton Rouge, LA 70816  
Phone (337) 363-2792 Phone (225) 293-8300

WWW.KSRCPAS.COM

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

The Board of Commissioners  
Gravity Sub-Drainage District No. 1 of Gravity  
Drainage District No. 2 of the Parish of St. Mary and  
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2024 through September 30, 2025. The management of Gravity Sub-Drainage District No. 1 of Gravity Drainage District No. 2 of the Parish of St. Mary (hereinafter "District") is responsible for those control and compliance areas identified in the SAUPs.

An agreed-upon procedures engagement involves the performing of specific procedures that the District has agreed to and acknowledged to be appropriate on those control and compliance areas identified in the LLA's SAUPs for the fiscal period October 1, 2024 through September 30, 2025 and report on exceptions based upon the procedures performed. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. However, this report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions, if any, are as follows:

### ***1) Written Policies and Procedures***

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
  - iii. ***Disbursements***, including processing, reviewing, and approving.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

## **2) Board or Finance Committee**

---

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
  - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

### **3) Bank Reconciliations**

---

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### **4) Collections (excluding electronic funds transfers)**

---

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
  - i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.

***5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)***

---

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
  - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

#### ***6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards***

---

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

---

**Obtained management's representation that there were no travel and travel related expense reimbursements during the fiscal period. Therefore, the procedures below are not applicable.**

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

#### **8) *Contracts***

---

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

#### **9) *Payroll and Personnel***

---

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

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

### **10) Ethics**

---

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

### **11) Debt Service**

---

**Obtained management's representation that there were no bonds/notes and other debt instruments issued or outstanding at the end of the fiscal period. Therefore, the procedures below are not applicable.**

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

### **12) Fraud Notice**

---

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

---

*We performed the procedures below and discussed the results with management.*

- A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are a) hired before June 9, 2020 – completed training; and b) hired on or after June 9, 2020 – completed training within 30 days of initial service or employment.

#### ***14) Prevention of Sexual Harassment***

---

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
  - i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

#### **Exceptions**

---

Exceptions found as a result of applying the procedures listed above are as follows:

### **Written Policies and Procedures**

1. The District does not have policies and procedures for budgeting, purchasing, disbursements, receipts/collections, contracting, credit cards, debt service, and information technology disaster recovery/business continuity.
2. Written policies for payroll/personnel address the subcategories identified in the SAUP procedures prescribed by the LLA with the exception of (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
3. Written policies for travel and expense reimbursement address the subcategories identified in the SAUP procedures prescribed by the LLA with the exception of (2) dollar thresholds by category of expense.
4. Written policies for ethics address the subcategories identified in the SAUP procedures prescribed by the LLA with the exception of (3) system to monitor possible ethics violations.
5. Written policies for prevention of sexual harassment address the subcategories identified in the SAUP procedures prescribed by the LLA with the exception of (3) annual reporting.

### **Non-Payroll Disbursements**

6. Only one employee is involved in initiating a purchase and placing an order/making the purchase.

### **Management's Response**

---

The District concurs with the exceptions and is working to address the deficiencies identified.

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

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

This report is intended solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the District's management and the LLA and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants