

ST. MARY LEVEE DISTRICT

FINANCIAL REPORT

For the Year Ended December 31, 2021

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A CORPORATION OF CERTIFIED
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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
St. Mary Levee District
Morgan City, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Mary Levee District (District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2021, 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.

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 that the budgetary comparison information and the schedule of District's proportionate share of the collective total OPEB liability on pages 32 through 34 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of compensation, benefits and other payments to executive director, the schedule of compensation paid to board members, the annual report for tax year 2021, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to executive director, the schedule of compensation paid to board members, the annual report for tax year 2021, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, 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.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

June 27, 2022

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. MARY LEVEE DISTRICT

Statement of Net Position
December 31, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets	
Cash	\$ 11,888,331
Taxes receivable (net of allowance for uncollectible taxes)	2,119,897
Due from other governmental units	12,819,013
Prepaid expenses	<u>63,665</u>
Total current assets	26,890,906
Noncurrent assets	
Nondepreciable capital assets	69,584,416
Depreciable capital assets, net of accumulated depreciation	<u>19,607,146</u>
Total noncurrent assets	<u>89,191,562</u>
TOTAL ASSETS	116,082,468
Deferred outflows of resources related to OPEB	<u>19,630</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 116,102,098</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Current liabilities	
Accounts payable	\$ 17,175
Accrued payroll taxes	4,233
Contracts payable	4,718,988
Current portion of long-term liabilities	473,594
Accrued interest	178,381
Due to other governmental units	<u>4,628,280</u>
Total current liabilities	10,020,651
Long-term liabilities	
Noncurrent portion of bond payable	12,086,443
Other postemployment benefit liability	<u>119,193</u>
Total long-term liabilities	<u>12,205,636</u>
TOTAL LIABILITIES	22,226,287
Deferred inflows of resources related to OPEB	16,946
Net position	
Net investment in capital assets	89,191,562
Unrestricted	<u>4,667,303</u>
Total net position	<u>93,858,865</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 116,102,098</u>

The accompanying notes are an integral part of this statement.

ST. MARY LEVEE DISTRICT

Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Capital Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
Flood protection	\$ 1,418,275	\$ 1,300	\$ 29,453,821	\$ 28,036,846
Interest	<u>514,417</u>	<u>-</u>	<u>-</u>	<u>(514,417)</u>
Total governmental activities	<u>1,932,692</u>	<u>1,300</u>	<u>29,453,821</u>	<u>27,522,429</u>
General Revenues:				
				2,594,379
				<u>30,778</u>
				<u>2,625,157</u>
				30,147,586
				<u>63,711,279</u>
				<u>\$ 93,858,865</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

ST. MARY LEVEE DISTRICT

Balance Sheet
Governmental Fund
December 31, 2021

	General Fund	Capital Projects Fund	Bond Sinking Fund	Total Governmental Funds
ASSETS				
Current assets				
Cash	\$ 4,364,636	\$ 6,546,947	\$ 976,748	\$ 11,888,331
Taxes receivable (net of allowance for uncollectible taxes)	2,119,897	-	-	2,119,897
Due from other funds	4,524,919	(4,524,919)	-	-
Due from other governmental units	<u>1,719,974</u>	<u>11,099,039</u>	<u>-</u>	<u>12,819,013</u>
Total current assets	<u>\$12,729,426</u>	<u>\$13,121,067</u>	<u>\$ 976,748</u>	<u>\$26,827,241</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Current liabilities				
Accounts payable	\$ 17,175	\$ -	\$ -	\$ 17,175
Accrued payroll taxes	4,233	-	-	4,233
Contracts payable	54,594	4,664,394	-	4,718,988
Due to other governmental units	<u>4,628,280</u>	<u>-</u>	<u>-</u>	<u>4,628,280</u>
Total current liabilities	4,704,282	4,664,394	-	9,368,676
Deferred inflows of resources	143,926	7,156,145	-	7,300,071
Fund balance				
Restricted	-	-	976,748	976,748
Committed	-	626,170	-	626,170
Unassigned	<u>7,881,218</u>	<u>674,358</u>	<u>-</u>	<u>8,555,576</u>
Total fund balance	<u>7,881,218</u>	<u>1,300,528</u>	<u>976,748</u>	<u>10,158,494</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$12,729,426</u>	<u>\$13,121,067</u>	<u>\$ 976,748</u>	<u>\$26,827,241</u>

The accompanying notes are an integral part of this statement.

ST. MARY LEVEE DISTRICT

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2021

Total fund balances - governmental funds	\$ 10,158,494
Total net position reported for governmental activities in the statement of net position is different because:	
Revenues that are not considered available are not current financial resources and, therefore, are not reported as revenue in the governmental fund.	7,300,071
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	89,191,562
Prepaid expenses involve the payment of obligations that are attributable to fiscal periods beyond the end of the current fiscal year with current financial resources and, therefore, are not reported in the governmental fund.	63,665
Long-term liabilities, which include other postemployment benefit obligations and bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental fund.	(12,679,230)
Deferred inflows of resources associated with other postemployment benefit liability are not payable from current expendable resources and, therefore, are not reported in the governmental fund.	(16,946)
Deferred outflows of resources associated with other postemployment benefit liability are not available resources and, therefore, are not reported in the governmental fund.	19,630
Accrued interest payable on long-term debt.	<u>(178,381)</u>
Net position of governmental activities	<u>\$ 93,858,865</u>

The accompanying notes are an integral part of this statement.

ST. MARY LEVEE DISTRICT

Statement of Revenues, Expenditures, and Changes in
Fund Balance – Governmental Fund
For the Year Ended December 31, 2021

	General Fund	Capital Projects Fund	Bond Sinking Fund	Total Governmental Funds
Revenues				
Taxes - ad valorem	\$ 2,628,252	\$ -	\$ -	\$ 2,628,252
Interest income	14,271	15,959	548	30,778
Intergovernmental				
Federal sources	242,911	29,001,208	-	29,244,119
Permits	<u>1,300</u>	<u>-</u>	<u>-</u>	<u>1,300</u>
Total revenues	2,886,734	29,017,167	548	31,904,449
Expenditures				
Current -				
Flood protection:				
General administrative	193,375	30	-	193,405
Insurance	65,505	-	-	65,505
Levee maintenance	466,352	-	-	466,352
Personal services	146,031	-	-	146,031
Professional services	138,364	-	-	138,364
Rental	137,549	-	-	137,549
Supplies and materials	7,797	-	-	7,797
Travel	642	-	-	642
Utilities	8,602	-	-	8,602
Capital outlay	513,468	31,485,993	-	31,999,461
Debt service -				
Principal paid	430,000	-	-	430,000
Interest expense	<u>543,744</u>	<u>-</u>	<u>-</u>	<u>543,744</u>
Total expenditures	<u>2,651,429</u>	<u>31,486,023</u>	<u>-</u>	<u>34,137,452</u>
Excess (deficiency) of revenues over expenditures	235,305	(2,468,856)	548	(2,233,003)
Other financing sources (uses)				
Transfers in	710,000	-	976,200	1,686,200
Transfers out	<u>(976,200)</u>	<u>(710,000)</u>	<u>-</u>	<u>(1,686,200)</u>
Total other financing sources (uses)	<u>(266,200)</u>	<u>(710,000)</u>	<u>976,200</u>	<u>-</u>
Change in fund balance	(30,895)	(3,178,856)	976,748	(2,233,003)
Fund balance, beginning	<u>7,912,113</u>	<u>4,479,384</u>	<u>-</u>	<u>12,391,497</u>
Fund balance, ending	<u>\$ 7,881,218</u>	<u>\$ 1,300,528</u>	<u>\$ 976,748</u>	<u>\$ 10,158,494</u>

The accompanying notes are an integral part of this statement.

ST. MARY LEVEE DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2021

Net change in fund balances - governmental funds \$ (2,233,003)

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

Revenues that are considered available provide current financial resources to governmental funds; however, in the statement of activities, revenues that are not considered available are reported. This is the difference between prior year and current year revenues that were not considered available. 175,829

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (72)

Certain expenditures of the governmental fund involve the payment of current financial resources for obligations attributable to fiscal periods following the close of the current fiscal period. The portion of payments for insurance coverage attributable to periods after December 31, 2021 are classified as prepaid expenses in the statement of net position. This is the difference between prior year and current year accruals. (907)

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 31,755,727

Payments on long-term debt use current financial resources of governmental funds; however, retiring debt decreases long-term liabilities in the statement of net position. 430,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Interest expense in the statement of activities also accounts for amortization of bond premiums and discounts. This is the difference between the current year and prior year interest accruals and amortization. 29,327

The other postemployment benefit liability does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund. (9,315)

Change in net position of governmental activities \$ 30,147,586

The accompanying notes are an integral part of this statement.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

INTRODUCTION

St. Mary Levee District (District) was created on July 1, 2007 by Act No. 259 in the 2007 Regular Session of the Louisiana Legislature, as a political subdivision of the State of Louisiana (State). The District consists of all lands in St. Mary Parish. The management and control of the District is vested in a Board of Commissioners (Board) appointed by the Governor from a list of nominees submitted by the St. Mary Parish Council and local state legislators. In addition to any other powers and duties provided by law, the primary duty of the Board shall be to establish, construct, operate, and maintain flood control works as they relate to hurricane protection, tidewater flooding, saltwater intrusion, and conservation. The Board has the authority to issue bonds and levy taxes on all property within the District.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513, the *Louisiana Governmental Audit Guide*. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of certain significant accounting policies:

Financial Reporting Entity

GASB Statement No. 14, *The Financial Reporting Entity*, has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity and other reporting relationships. The basic criterion for including a potential component unit within the reporting entity is financial accountability. GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

1. Appointment of a voting majority of the governing board, and
 - a. The ability of the reporting entity to impose its will on the organization, or
 - b. The potential of the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.
2. Organizations which are fiscally dependent.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

The District is considered a related organization of the State. Although the Governor appoints the governing board, the State does not have a financial benefit or burden relationship with the District. Because the State does not have financial accountability for the District, the District is excluded from the reporting entity of the State. The nature of the State's relationship with the District is disclosed in the State's audited financial statements.

The accompanying financial statements present information only on the fund maintained by the District and do not present information on the State.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements (individual major funds).

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 having a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include operating and capital grants received from federal and state agencies and charges for services including permits and letters-of-no-objection. Taxes and items not properly included among program revenues are reported as *general revenues*.

A separate financial statement is provided for the governmental funds.

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. Ad valorem taxes are recognized as revenues in the year in 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 government 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.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so 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 the taxpayers. Other major revenues that are considered susceptible to accrual include intergovernmental revenues.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District has the following fund types:

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 funds 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. The General Fund is always a major fund.

Capital Projects Fund –

The Capital Projects Fund is used to account for and report financial resources used for the construction of the Bayou Teche Flood Protection Structure, the Bayou Chene Flood Protection Structure, and other construction projects.

Bond Sinking Fund –

The Bond Sinking Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Assets

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

Government-wide Financial Statements:

In the government-wide financial statements, capital assets are accounted for as noncurrent assets. All capital assets purchased or acquired with an original cost of \$1,000 or greater are reported at historical cost or estimated historical cost for assets for which historical cost is not available. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

an asset are capitalized while other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Computers	3 years
Machinery and Equipment	5 years
Vehicles, Office Equipment, and Furniture	7 years
Improvements other than buildings	20 years
Bridges	20 years
Buildings	40 years
Barge Structures and Sheet Pile Systems	40 years

Fund Financial Statements:

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

Equity Classifications

Government-wide Financial Statements:

Net position represents the difference between assets and liabilities. Net position is reported in three categories, as follows:

- a. Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position items 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 net position – consists of the net amount of assets and liabilities that do not meet the definition of the above two components and is available for general use by the District.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District applies restricted net position first.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balances are classified as follows:

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-spendable – Includes amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Includes amounts that can be used only under constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or under constraints that are imposed by law through constitutional provisions or enabling legislation. As of December 31, 2021, fund balance of \$976,748 was restricted for the payment of debt service obligations.

Committed – Includes amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the District's Board of Commissioners. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the District's Board of Commissioners. As of December 31, 2021, bond proceeds of \$626,170 were committed to capital outlay expense for the Bayou Teche construction project and the Yokely Levee Extension construction project.

Assigned – Includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed.

Unassigned – Includes all other spendable amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive classification first when there is more than one classification available.

Deferred Inflows of Resources – Fund Financial Statements

Ad valorem taxes levied at December 31, 2021 totaling \$143,926, reimbursements due from the Department of Transportation and Development totaling \$3,187,094 related to the Bayou Teche Flood Control Structure, and reimbursements due from the Department of the Interior totaling \$3,969,051 related to the Bayou Chene Flood Control Structure are not considered to be available to finance operations of the current period and are reported as deferred inflows of resources. These revenues are recognized as operating revenues when they become available.

Deferred Outflows of Resources and Deferred Inflows of Resources – Government-wide Financial Statements

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District reported deferred outflows of resources related to other postemployment benefits.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows of resources related to other postemployment benefits.

See Note 6 for additional information related to deferred outflows of resources and deferred inflows of resources related to other postemployment benefits (OPEB).

Compensated Absences

Employees of the District earn from ten to fifteen days of vacation leave each year based on length of service. Vacation leave must be used in the year earned with the exception of one week of unused vacation which may be taken ninety days into the following calendar year. Employees of the District earn ten days of sick leave per year, with the ability to accrue a maximum of twenty days of sick leave after two years of service. Unused sick time is not accrued and is not a compensable item upon an employee's termination from employment.

Use of Estimates

The District uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures or expenses, as appropriate.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs are reported as an expenditure.

Net Other Postemployment Benefit Obligations

The District applies the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This pronouncement requires the District to calculate and recognize a net *other postemployment benefit* (OPEB) liability or asset at year end. See Note 6 for further details.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Subsequent Events

The District has evaluated subsequent events through June 27, 2022, the date the financial statements were available to be issued.

NOTE 2 CASH

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 the United States bonds, notes or bills as well as certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The carrying value of the District’s cash and interest-bearing deposits with financial institutions at December 31, 2021 totaled \$11,888,331 and the bank balance was \$11,896,458. Federal deposit insurance covered \$250,000 of the deposits while the remaining deposits were covered by collateral held by the pledging bank’s agent in the District’s name in the amount of \$14,418,712. Cash and interest-bearing deposits are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Louisiana R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 3 AD VALOREM TAXES

Ad valorem taxes are levied in September or October and are actually billed to taxpayers in November or December. These taxes attach as an enforceable lien on property as of January 1st of each year. Billed taxes become delinquent on January 1st of the following year. The St. Mary Parish Tax Collector bills and collects property taxes for the District using the assessed values determined by the St. Mary Parish Assessor. District property tax revenues are budgeted in the year billed.

For the year ended December 31, 2021, 5.00 mills were authorized and dedicated for the purpose of acquiring, constructing, maintaining, and operating hurricane protection facilities within the District.

Total taxes levied during 2021 were \$2,690,771. Taxes receivable at December 31, 2021 consisted of \$2,156,119 for the 2021 assessment, of which approximately 1.68 percent or \$36,222 was considered uncollectible.

NOTE 4 DUE FROM AND TO OTHER GOVERNMENTAL UNITS

The amount due from other governmental units at December 31, 2021, consisted of unpaid reimbursements of \$630,000 from the State of Louisiana's Office of Facility Planning and Control relating to funding for the Franklin Canal Pump Station, unpaid reimbursements of \$1,089,974 from FEMA for expenses incurred relating to the flood event of 2019, unpaid reimbursements of \$3,187,093 from the Department of Transportation and Development for expenses incurred relating to the Bayou Teche Flood Control Structure, and unpaid reimbursements of \$7,911,946 from the Department of the Interior for expenses incurred relating to the Bayou Chene Flood Control Structure.

The amount due to other governmental units at December 31, 2021, consisted of the following: \$2,170,000 from an obligation to refund the CPRA for funding that CPRA provided to the District for flood fighting in connection with the threat of flooding from the Mississippi River, the Atchafalaya River, and related bodies of water in May 2011; \$640,000 due to the CPRA for funding that CPRA provided in connection with the Franklin Canal Pump Station construction project completed during the year ended December 31, 2015; \$1,706,213 due to the CPRA for amounts expected to be received by the District from FEMA for expenses incurred relating to the flood event of 2019, as per an intergovernmental agreement with the CPRA; and \$112,067 due to the St. Mary Parish Council for grass cutting services.

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ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 51,352,610	\$ 31,819,910	\$ 13,611,862	\$ 69,560,658
Land	<u>23,758</u>	<u>-</u>	<u>-</u>	<u>23,758</u>
Total capital assets not being depreciated	51,376,368	31,819,910	13,611,862	69,584,416
Capital assets being depreciated:				
Computers	1,169	-	-	1,169
Machinery and equipment	68,599	179,551	1,469	246,681
Vehicles	28,993	-	-	28,993
Office equipment	21,149	-	-	21,149
Improvements other than buildings	15,635	-	-	15,635
Flood protection infrastructure	<u>6,953,188</u>	<u>13,611,862</u>	<u>-</u>	<u>20,565,050</u>
Total capital assets being depreciated	7,088,733	13,791,413	1,469	20,878,677
Less accumulated depreciation for:				
Computers	(877)	(292)	-	(1,169)
Machinery and equipment	(67,317)	(5,953)	(1,396)	(71,874)
Vehicles	(18,983)	(4,142)	-	(23,125)
Office equipment	(14,799)	(2,019)	-	(16,818)
Improvements other than buildings	(4,027)	(782)	-	(4,809)
Flood protection infrastructure	<u>(923,190)</u>	<u>(230,546)</u>	<u>-</u>	<u>(1,153,736)</u>
Total accumulated depreciation	<u>(1,029,193)</u>	<u>(243,734)</u>	<u>(1,396)</u>	<u>(1,271,531)</u>
Total capital assets being depreciated, net	<u>6,059,540</u>	<u>13,547,679</u>	<u>73</u>	<u>19,607,146</u>
Total capital assets, net	<u>\$ 57,435,908</u>	<u>\$ 45,367,589</u>	<u>\$ 13,611,935</u>	<u>\$ 89,191,562</u>

Depreciation charged to expense was \$243,734 for the year ended December 31, 2021.

Construction in Progress

The costs associated with the engineering, design, and construction of the Bayou Chene Flood Control Structure construction project of \$67,606,396 are included in construction in progress at December 31, 2021. The U.S. Department of Commerce's Economic Development Administration (EDA) has approved and disbursed \$1,800,000 of financial assistance for the design and engineering phase of the project. Terrebonne Levee and Conservation District (TLCD) also pledged to contribute, and has provided, \$500,000 to the St. Mary Levee District to partially fund the design and engineering fees of the project. In addition, the Department of the Interior, through GOMESA grant funding, has pledged up to \$5,000,000 for the engineering and design phase of the project and up to \$75,000,000 for the construction phase of the project. As of December 31, 2021, \$52,973,434 of those funds were received by the District, via the CPRA as a pass-through entity.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 5 CAPITAL ASSETS (CONTINUED)

The costs associated with the engineering, design, and construction of the Yokely Levee Extension construction project of \$1,312,792 are included in construction in progress at December 31, 2021. The District issued \$13,000,000 in Limited Tax Revenue Bonds during the fiscal year ended December 31, 2018 to assist with financing this project. See Note 11 for further details.

The costs associated with the preliminary engineering phase of the Lakeside Subdivision Levee Improvements construction project of \$641,470 are included in construction in progress at December 31, 2021.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS

The District provides post-employment health care and life insurance benefits for substantially all employees if they reach normal retirement age while working for the District. These benefits for retirees and similar benefits for active employees are provided through a self-insured/ self-funded plan. At December 31, 2021, the District had two employees receiving health benefits through the Office of Group Benefits.

Plan Description

Employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), a multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The State administers the plan through the Office of Group Benefits (OGB). Louisiana Revised Statute 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The OGB does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). A copy of the CAFR may be obtained on the Office of Statewide Reporting and Accounting Policy's website at www.doa.louisiana.gov/osrap. No assets are accumulated in a trust that meets the criteria in paragraph four of Governmental Accounting Standards Board (GASB) Statement No. 75 to pay related benefits.

Benefits Provided

The OPEB plan provides benefits such as: death benefits, life insurance, disability, and long-term care that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment. The OPEB plan does not provide termination benefits or termination payments for sick leave.

Contributions

The contribution requirements of plan members and the District are established and may be amended by Louisiana Revised Statute 42:801-883. The OPEB Plan is currently funded on a pay-as-you-go basis through a combination of retiree and District contributions. Employees do not contribute to their postemployment benefits cost until they become retirees and begin

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

receiving post-employment benefits. The retirees contribute to the cost of their post-employment benefits based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. There were no contributions to the OPEB Plan from the District for the year ended December 31, 2021.

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees with continuous OGB medical coverage starting before January 1, 2002 pay approximately 25% of the cost of coverage in retirement. Employees with an OGB medical participation start (or re-start) date after December 31, 2001 pay a percentage of the total retiree contribution rate based on the following schedule:

Service	Retiree Share	State Share
Under 10 years	81%	19%
10 - 14 years	62%	38%
15 - 19 years	44%	56%
20+ years	25%	75%

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life, and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays one-half of the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death and dismemberment coverage ceasing at age 70 for retirees.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2021, the District reported a liability of \$119,193 for its proportionate share of the total OPEB liability. The OPEB liability was measured as of July 1, 2020, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the total OPEB liability was based on a projection of the District's total OPEB liability relative to the projected total OPEB liability of all participating employers, actuarially determined. As of July 1, 2020, the District's proportion was .0023%.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

For the year ended December 31, 2021, the District recognized OPEB expense of \$9,315. As of December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,380	\$ -
Changes of assumptions	<u>3,250</u>	<u>16,946</u>
Total	<u>\$ 19,630</u>	<u>\$ 16,946</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

Year ending December 31:	
2022	\$ (785)
2023	(35)
2024	914
2025	<u>2,590</u>
Total	<u>\$ 2,684</u>

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.80%
Salary Increases	Consistent with the pension valuation assumptions. For those employers that do not participate in one of the four state retirement systems, the rates for the LASERS Regular members were used.
Investment Rate of Return	2.66% based on the S&P 20-Year Municipal Bond Index Rate
Healthcare Cost Trend	6.75% - 4.50%

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ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Mortality Rates

For active lives, the RP-2014 Blue Collar Employee Table, adjusted by 0.978 for males and 1.144 for females, and then projected on a fully generational basis by Mortality Improvement Scale MP-2018. For healthy retiree lives, the RP-2014 Blue Collar Healthy Annuitant Table, adjusted by 1.280 for males and RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.417 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018. For disabled retiree lives, the RP-2000 Disabled Retiree Mortality Table, adjusted by 1.009 for males and 1.043 for females, not projected with mortality improvement.

The actuarial assumptions used in the July 1, 2020 valuation were based upon the assumptions used in the June 30, 2020 Louisiana State Employees' Retirement System, Louisiana State Police Retirement System, the Louisiana School Employees' Retirement System, and the Teachers' Retirement System of Louisiana pension valuations for the mortality, retirement, termination, disability, and salary scale assumptions.

Discount Rate

The discount rate used to measure the total OPEB liability decreased from 2.79% to 2.66% in the July 1, 2020 valuation. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates. Based on this assumption and as the OPEB Plan is unfunded, the OPEB Plan's fiduciary net position was not projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was determined using a discount rate that reflects the 20-year tax exempt municipal bond yield or index rate.

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ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the District's Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective total OPEB liability, as well as what the District's proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>1.66%</u>	<u>2.66%</u>	<u>3.66%</u>
Proportionate Share of the Collective Total OPEB Liability	<u>\$ 148,735</u>	<u>\$ 119,193</u>	<u>\$ 96,407</u>

Sensitivity of the District's Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the District's proportionate share of the collective total OPEB liability, as well as what the District's proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Proportionate Share of the Collective Total OPEB Liability	<u>\$ 92,564</u>	<u>\$ 119,193</u>	<u>\$ 155,009</u>

NOTE 7 OPERATING LEASES

The District entered into a 5-year cancelable building lease for \$2,685 per month beginning on August 1, 2016. The District exercised its option to renew the lease for an additional 5-year period beginning August 1, 2021 with a CPI increase to \$3,001 per month. Payments on this lease totaling \$33,798 were made during the year ended December 31, 2021.

The District extended a 12-month cancelable land lease on a month to month basis for \$500 per month beginning on June 1, 2019. Payments on this lease totaling \$6,000 were made during the year ended December 31, 2021.

The District entered into a 12-month cancelable land lease for \$1,495 per month beginning on July 1, 2016. This lease was extended on a month to month basis and was terminated on February 28, 2021. Payments on this lease totaling \$2,990 were made during the year ended December 31, 2021.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 7 OPERATING LEASES (CONTINUED)

The District entered into a 12-month cancelable land lease for \$700 per month beginning on October 1, 2019. This lease will be extended on a month to month basis for a period not to exceed three years beyond the primary term. Payments on this lease totaling \$6,000 were made during the year ended December 31, 2021.

The District entered into an 18-month cancelable surface lease for \$6,800 per month beginning on November 1, 2020, and continuing on a month to month basis thereafter, for up to an additional six months. Payments on this lease totaling \$81,600 were made during the year ended December 31, 2021.

NOTE 8 DEFERRED COMPENSATION PLAN

Beginning in the year ended December 31, 2014, the District elected to adopt a deferred compensation plan option for all full-time employees. Employees of the District are allowed to participate in the State of Louisiana Public Employee Deferred Compensation Plan, adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately-issued financial report for the Plan, available directly from the Louisiana Public Employees Deferred Compensation Plan office, 9100 Bluebonnet Centre Boulevard, Suite 203, Baton Rouge, Louisiana 70809.

Contributions are made voluntarily by the employee through payroll deductions, with the District making matching contributions up to 10% of the participating employees' regular gross wages. There were no participants in the plan during the year ended December 31, 2021; therefore, the total employer contribution expense for the year was \$0.

NOTE 9 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 December 31, 2021. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

NOTE 10 CONTINGENCIES

The District recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the District. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 11 CHANGES IN LONG-TERM DEBT

The following is a summary of the long-term liability transactions for governmental activities during the year:

	Balance 12/31/2020	Additions	Reductions	Balance 12/31/2021	Due Within One Year
Bonds payable:					
General obligation					
bonds	\$ 12,585,000	\$ -	\$ 430,000	\$ 12,155,000	\$ 450,000
Premium on bonds					
payable	523,098	-	28,794	494,304	28,794
Discount on bonds					
payable	<u>(94,467)</u>	<u>-</u>	<u>(5,200)</u>	<u>(89,267)</u>	<u>(5,200)</u>
Total bonds payable	13,013,631	-	453,594	12,560,037	473,594
Other liabilities:					
Other postemployment					
benefits	<u>93,555</u>	<u>25,638</u>	<u>-</u>	<u>119,193</u>	<u>-</u>
Total other liabilities	<u>93,555</u>	<u>25,638</u>	<u>-</u>	<u>119,193</u>	<u>-</u>
Total long-term obligations	<u>\$ 13,107,186</u>	<u>\$ 25,638</u>	<u>\$ 453,594</u>	<u>\$ 12,679,230</u>	<u>\$ 473,594</u>

General obligation bonds payable consist of \$13,000,000 Limited Tax Revenue Bonds, Series 2018, dated December 6, 2018, and secured by ad valorem tax revenue proceeds. The bonds are due in annual installments of \$415,000 to \$945,000, beginning March 1, 2020 and maturing March 1, 2039, bearing interest at 4.0% to 5.0%. The annual requirements to amortize bonds payable are as follows:

Year ending December 31,	Principal	Interest	Total
2022	\$ 450,000	\$ 526,144	\$ 976,144
2023	465,000	507,844	972,844
2024	485,000	486,419	971,419
2025	510,000	461,544	971,544
2026	535,000	435,419	970,419
2027-2031	3,100,000	1,737,720	4,837,720
2032-2036	3,885,000	944,712	4,829,712
2037-2039	<u>2,725,000</u>	<u>169,251</u>	<u>2,894,251</u>
	<u>\$ 12,155,000</u>	<u>\$ 5,269,053</u>	<u>\$ 17,424,053</u>

ST. MARY LEVEE DISTRICT

Notes to the Financial Statements

NOTE 12 INTERFUND RECEIVABLES/PAYABLES

Interfund balances at December 31, 2021 consisted of the following amounts:

	<u>Receivables</u>	<u>Payables</u>
General Fund		
Capital Projects Fund	\$ 4,524,919	\$ -
Capital Projects Fund		
General Fund	<u>-</u>	<u>4,524,919</u>
Total	<u>\$ 4,524,919</u>	<u>\$ 4,524,919</u>

NOTE 13 INTERFUND TRANSFERS

A summary of interfund transfers follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund		
Capital Projects Fund	\$ 710,000	\$ -
Bond Sinking Fund	-	976,200
Capital Projects Fund		
General Fund	-	710,000
Bond Sinking Fund		
General Fund	<u>976,200</u>	<u>-</u>
Total	<u>\$ 1,686,200</u>	<u>\$ 1,686,200</u>

NOTE 14 SINKING FUND REQUIREMENT

For the payment of the principal of and the interest on the \$13,000,000 Limited Tax Revenue Bonds (Bonds), there shall be established and maintained a special fund known as "Limited Tax Revenue Bonds Sinking Fund" (the "Sinking Fund"). The District shall deposit in the Sinking Fund from the first revenues of the ad valorem tax received in any calendar year a sum equal to the principal and interest falling due on the Bonds in that calendar year.

NOTE 15 COVID-19 PANDEMIC

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has characterized COVID-19 as a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our taxpayers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY LEVEE DISTRICT

Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes - ad valorem	\$ 2,600,000	\$ 2,650,000	\$ 2,628,252	\$ (21,748)
Interest income	150,000	14,900	14,271	(629)
Intergovernmental				
Federal sources	-	-	242,911	242,911
State sources	-	195,918	-	(195,918)
Permits	2,400	1,300	1,300	-
Rents and royalties	500	-	-	-
Other income	600	-	-	-
Total revenues	<u>2,753,500</u>	<u>2,862,118</u>	<u>2,886,734</u>	<u>24,616</u>
Expenditures				
Current -				
Flood protection:				
General administrative	216,400	202,805	193,375	9,430
Insurance	60,700	69,652	65,505	4,147
Levee maintenance	639,000	494,192	466,352	27,840
Personal services	151,255	146,242	146,031	211
Professional services	546,000	523,668	138,364	385,304
Rental	144,220	139,327	137,549	1,778
Supplies and materials	157,600	5,028	7,797	(2,769)
Travel	8,000	1,525	642	883
Utilities	8,500	6,000	8,602	(2,602)
Capital outlay	385,000	957,771	513,468	444,303
Debt service -				
Principal retirement	415,000	415,000	430,000	(15,000)
Interest expense	545,000	558,744	543,744	15,000
Total expenditures	<u>3,276,675</u>	<u>3,519,954</u>	<u>2,651,429</u>	<u>868,525</u>
Deficiency of revenues over expenditure:	(523,175)	(657,836)	235,305	893,141
Other financing sources (uses)				
Transfer in	-	-	710,000	710,000
Transfer out	-	-	(976,200)	(976,200)
Total other financial sources (uses)	<u>-</u>	<u>-</u>	<u>(266,200)</u>	<u>(266,200)</u>
Change in fund balance	(523,175)	(657,836)	(30,895)	626,941
Fund balance, beginning	<u>7,778,406</u>	<u>7,912,113</u>	<u>7,912,113</u>	<u>-</u>
Fund balance, ending	<u>\$ 7,255,231</u>	<u>\$ 7,254,277</u>	<u>\$ 7,881,218</u>	<u>\$ 626,941</u>

See independent auditor's report and accompanying note to the required supplementary information.

ST. MARY LEVEE DISTRICT

Budgetary Comparison Schedule – Capital Projects Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ -	\$ -	\$ 15,959	\$ 15,959
Intergovernmental				
Federal sources	33,800,000	31,469,715	29,001,208	(2,468,507)
State sources	<u>3,190,700</u>	<u>3,447,318</u>	<u>-</u>	<u>(3,447,318)</u>
Total revenues	<u>36,990,700</u>	<u>34,917,033</u>	<u>29,017,167</u>	<u>(5,899,866)</u>
Expenditures				
Current -				
Flood protection:				
General administrative	-	-	30	(30)
Capital outlay	<u>35,000,000</u>	<u>32,037,690</u>	<u>31,485,993</u>	<u>551,697</u>
Total expenditures	<u>35,000,000</u>	<u>32,037,690</u>	<u>31,486,023</u>	<u>551,667</u>
Deficiency of revenues over expenditure:	1,990,700	2,879,343	(2,468,856)	(5,348,199)
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>(710,000)</u>	<u>(710,000)</u>
Total other financial sources (uses)	<u>-</u>	<u>-</u>	<u>(710,000)</u>	<u>(710,000)</u>
Change in fund balance	1,990,700	2,879,343	(3,178,856)	(6,058,199)
Fund balance, beginning	<u>3,921,368</u>	<u>7,358,727</u>	<u>4,479,384</u>	<u>(2,879,343)</u>
Fund balance, ending	<u>\$ 5,912,068</u>	<u>\$ 10,238,070</u>	<u>\$ 1,300,528</u>	<u>\$ (8,937,542)</u>

See independent auditor's report and accompanying note to the required supplementary information.

ST. MARY LEVEE DISTRICT

Schedule of District's Proportionate Share of the Collective Total OPEB Liability
For the Year Ended December 31, 2021

<u>Fiscal Year*</u>	<u>Percentage of the Collective Total OPEB Liability</u>	<u>Proportionate Share of the Collective Total OPEB Liability</u>	<u>Employer's Covered Employee Payroll</u>	<u>Proportionate Share of the Collective Total OPEB Liability as a % of Covered Employee Payroll</u>
2018	0.0015%	\$ 79,151	\$ 111,000	71%
2019	0.0017%	\$ 94,044	\$ 111,000	85%
2020	0.0019%	\$ 93,555	\$ 111,000	84%
2021	0.0023%	\$ 119,193	\$ 111,000	107%

*The amounts presented for each fiscal year were determined as of June 30 of the previous fiscal year.

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

See independent auditor's report and accompanying note to the required supplementary information.

ST. MARY LEVEE DISTRICT

Notes to the Required Supplementary Information

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

While the District reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Budgetary Comparison Schedule presented as RSI is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. There were no major differences between the budgetary basis and GAAP basis for the General Fund for the year ended December 31, 2021.

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

OPEB Plan

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph four, to pay related benefits.

Changes of Benefit Terms

There were no changes of benefit terms for the OPEB Plan during any of the years presented.

Changes of Assumptions

The discount rate changed from 2.79% to 2.66% during the July 1, 2020 valuation.

Baseline per capita costs (PCCs) were updated to reflect 2020 claims and enrollment for the prescription drug costs and retiree contributions were updated based on 2021 premiums. 2020 medical claims and enrollment experience were reviewed but not included in the projection of expected 2021 plan costs. Due to the COVID-19 pandemic, we do not believe this experience is reflective of what we can expect in future years.

The salary scale assumptions were revised.

Medical participation rates, life participation rates, the age difference between future retirees and their spouses, Medicare eligibility rates, and medical plan election percentages have all been updated based on a review of OPEB experience from July 1, 2017 through June 30, 2020.

OTHER SUPPLEMENTARY INFORMATION

ST. MARY LEVEE DISTRICT

Schedule of Compensation, Benefits and Other Payments to Executive Director
For the Year Ended December 31, 2021

Executive Director Name: Timothy Matte

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 72,600
Car allowance	<u>7,200</u>
Total	<u>\$ 79,800</u>

See independent auditor's report.

ST. MARY LEVEE DISTRICT

Schedule of Compensation Paid to Board Members
For the Year Ended December 31, 2021

William Hidalgo, Sr., President	\$ 3,150
Kenneth P. Arceneaux, Jr.	1,050
Barry Broussard	75
Norris Crappell	1,050
Junius Hebert, Jr.	1,350
Daniel Lipari	1,050
Andrew Mancuso	750
Mike Ortiz	900
Luther Smith	825
Wilson Terry	<u>1,050</u>
Total	<u>\$ 11,250</u>

See independent auditor's report.

ST. MARY LEVEE DISTRICT

Annual Report for Tax Year 2021

AUDITED FINANCIAL STATEMENTS

The St. Mary Levee District (District) operates on a fiscal year ending December 31. The Financial Statements of the District and notes thereto for the fiscal year ended December 31, 2021, audited by Darnall, Sikes & Frederick, a Corporation of Certified Public Accountants, Morgan City, Louisiana, and their report dated as of June 27, 2022, is a supplement to this Annual Report. Included in the notes is a description of the basis of accounting used by the District in reporting their financial statements.

DEBT OF THE ISSUERS

The District has no short-term indebtedness, other than normal accounts payable or as otherwise stated in this Annual Report or its supplement. The District has never defaulted in the payment of its outstanding bonds or obligations. Besides the general obligation bonds for which the Official Statement was prepared, no debt has been authorized or issued by the District since the date of the Official Statement. Of the \$13,000,000 of bonds issued, \$12,155,000 was outstanding as of December 31, 2021.

ASSESSMENT PROCEDURES

The assessment procedures and homestead exemption as authorized by law are the same as those in effect for the tax years reported in the Official Statement.

ASSESSED VALUATION OF PROPERTY IN THE DISTRICT

The 2021 assessed valuations of property in the District follows:

Taxable Assessed Valuation	\$ 538,177,811
Homestead Exemption	<u>75,079,869</u>
Total Assessed Valuation	<u>\$ 613,257,680</u>

Source: St. Mary Parish Assessor's Office

ASSESSED VALUATION OF PROPERTY IN THE DISTRICT – BY CLASSIFICATION

A breakdown of the 2021 assessed valuations of property in the District by classification follows:

<u>Classification</u>	<u>Assessed Valuation</u>
Real Estate	\$ 258,641,430
Personal Property	276,380,020
Public Service Property	<u>78,236,230</u>
Total	<u>\$ 613,257,680</u>

Source: St. Mary Parish Assessor's Office

See independent auditor's report.

ST. MARY LEVEE DISTRICT

Annual Report for Tax Year 2021 (Continued)

TAX COLLECTION RECORDS OF THE DISTRICT

The 2020 ad valorem tax levies and collections for the District follows:

Amount of Taxes Levied (a)	\$ 2,866,810
Deduction for Pensions (b)	<u>93,421</u>
Net Taxes Levied	\$ 2,773,389
Net Taxes Collected (b)	2,706,799
Millage Rate	5.00

Sources: (a) St. Mary Parish Assessor's Office, (b) St. Mary Parish Sheriff's Office

LEADING TAXPAYERS

The ten largest property taxpayers for 2020 of the District and their assessed valuations follow:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>
1. Cleco Power LLC	Power Generation	\$ 42,045,961
2. Cabot Corporation	Carbon Black Mfg.	26,906,470
3. Cameron International Corporation	Oil & Gas	24,544,649
4. Chevron NA Exploration & Production	Oil & Gas	19,790,564
5. Transocean Offshore Ventures Inc.	Oil & Gas	13,521,803
6. One Subsea LLC	Oil & Gas	13,074,693
7. Texas Petroleum Investment Company	Oil & Gas	12,465,739
8. Birla Carbon USA, Inc.	Carbon Black Mfg.	12,104,997
9. Carey Salt Co.	Mining	9,524,868
10. Oceaneering International Inc.	Oil & Gas	<u>8,079,473</u>
		<u>\$ 182,059,217</u> *

* Approximately 28.1% of the 2020 taxable assessed valuation of the District.

See independent auditor's report.

ST. MARY LEVEE DISTRICT

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of the Interior:			
Pass-through program from:			
Coastal Protection and Restoration Authority - Gulf of Mexico Energy Security Act	15.435	2000413413 (AT-0017)	\$ 28,337,086

NOTE 1 BASIS OF PRESENTATION

The above schedule of expenditures of federal awards (SEFA) includes the federal grant activity of St. Mary Levee District and is presented on the same basis of accounting as described in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

See independent auditor's report.

**INTERNAL CONTROL,
COMPLIANCE,
AND OTHER INFORMATION**



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

To the Board of Commissioners
St. Mary Levee District
Morgan City, 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 each major fund of the St. Mary Levee District (District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 27, 2022.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

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.

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 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 findings and questioned costs as item 2021-002.

St. Mary Levee District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. 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 it.

Purpose of this Report

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

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

June 27, 2022



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**DARNALL SIKES
& FREDERICK**
A CORPORATION OF CERTIFIED
PUBLIC ACCOUNTANTS

OTHER LOCATIONS:
Lafayette Eunice Abbeville

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
St. Mary Levee District
Morgan City, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the St. Mary Levee District's (District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
June 27, 2022

ST. MARY LEVEE DISTRICT

Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2021

Section I Internal Control and Compliance Material to the Financial Statements

2020-001 Inadequate segregation of accounting functions

Condition: Due to the small number of accounting personnel, the District did not have adequate segregation of functions within its accounting system.

Recommendation: An analysis of the benefits that would be obtained by adequately segregating functions within the accounting system and the costs to employ additional individuals to achieve adequate segregation should be performed.

Status: This finding is unresolved. See current year finding 2021-001.

2020-002 Noncompliance with the Louisiana Local Government Budget Act

Condition: Revenues of the Capital Projects Fund failed to meet the budgeted amount by five percent or more.

Recommendation: Management should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to maintain compliance with state statutes.

Status: This finding is unresolved. See current year finding 2021-002.

2020-003 Noncompliance with Bond Sinking Fund Requirement

Condition: The District did not establish and maintain a Sinking Fund for the payment of principal and interest on the Bonds.

Recommendation: Management should establish and maintain a special fund and separate bank account, known as the "Limited Tax Revenue Bonds Sinking Fund," with their designated fiscal agent bank and deposit in the account from the first revenues of ad valorem tax received in the calendar year a sum equal to the principal and/or interest falling due on the bonds in that calendar year.

Status: This finding is resolved.

Section II Internal Control and Compliance Material to Federal Awards

See detailed finding 2020-001 in Section I.

Section III Management Letter

A management letter was not issued for the year ended December 31, 2020.

ST. MARY LEEVE DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unmodified opinion has been issued on St. Mary Levee District's financial statements as of and for the year ended December 31, 2021.

Deficiencies in Internal Control – Financial Reporting

Our consideration of internal control over financial reporting disclosed one instance of a deficiency in internal control which is required to be reported under *Government Auditing Standards* and is listed as item 2021-001 in Part 2. We consider the deficiency to be a material weakness.

Material Noncompliance and Other Matters – Financial Reporting

The results of our tests disclosed one instance of noncompliance which is required to be reported under *Government Auditing Standards* and is listed as item 2021-002 in Part 2.

FEDERAL AWARDS

Auditor's Report – Major Programs

An unmodified opinion has been issued on St. Mary Levee District's compliance for its major programs as of and for the year ended December 31, 2021.

Major Programs - Identification

St. Mary Levee District had the following major program at December 31, 2021:

Gulf of Mexico Energy Security Act CFDA #15.435

Program Type Determination

The dollar threshold to distinguish Type A and Type B programs is \$850,113 for the fiscal year ended December 31, 2021.

Risk Consideration

For the year ended December 31, 2021, St. Mary Levee District was not considered a low-risk auditee.

ST. MARY LEVEE DISTRICT

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2021

Part 1: Summary of Auditor's Results (Continued)

Deficiencies in Internal Control – Major Programs

The results of our tests of internal control over compliance disclosed one instance of a deficiency in internal control over compliance that is reported as item 2021-001 in Part 3. We consider the deficiency to be a material weakness.

Noncompliance – Major Programs

The results of our tests disclosed no instances of noncompliance during the audit of major programs.

MANAGEMENT LETTER

This section is not applicable for the fiscal year ended December 31, 2021.

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

2021-001 Inadequate segregation of accounting functions

Criteria: A strong internal control system requires the segregation of responsibilities between different individuals responsible for separate major areas of the accounting system.

Condition: Due to the small number of accounting personnel, the District did not have adequate segregation of functions within its accounting system.

Cause: The failure to design and implement policies and procedures necessary to achieve adequate internal control led to this condition.

Effect: The likelihood that a material misstatement will not be prevented or detected and corrected on a timely basis is increased. The perpetration of fraudulent activity is easier to achieve under this condition.

Recommendation: An analysis of the benefits that would be obtained by adequately segregating functions within the accounting system and the costs to employ additional individuals to achieve adequate segregation should be performed.

Views of Responsible Officials and Planned Corrective Actions: This information is in the District's separate Management's Corrective Action Plan for Current Year Findings.

ST. MARY LEVEE DISTRICT

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2021

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*
(Continued)

2021-002 Noncompliance with the Louisiana Local Government Budget Act

Criteria: Louisiana R.S. 39:1311 requires that budgets be amended when actual receipts plus projected revenue collections for the year fail to meet budgeted revenues by five percent or more, or when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by five percent or more.

Condition: Revenues of the Capital Projects Fund failed to meet the budgeted amounts by five percent or more.

Cause: Federal and state award reimbursements were not received in the time frame anticipated by management at the time the amended budget was prepared and adopted.

Effect: Budgetary compliance violations and/or errors or irregularities may not be prevented and/or detected in a timely manner.

Recommendation: Management should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to maintain compliance with state statutes.

Views of Responsible Officials and Planned Corrective Actions: This information is in the District's separate Management's Corrective Action Plan for Current Year Findings.

Part 3: Findings and Questioned Costs Relating to Federal Awards

2021-001 See the detailed finding in Part 2.

ST. MARY LEVEE DISTRICT

Management's Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2021

2021-001 Inadequate segregation of accounting functions

Management's Response and Planned Corrective Action: Management is aware of the condition and has determined that based upon the size of the District and the cost-benefit consideration of additional personnel, it is not feasible to achieve complete segregation of duties.

Name and Title of Contact Person: Timothy Matte, Executive Director

2021-002 Noncompliance with the Louisiana Local Government Budget Act

Management's Response and Planned Corrective Action: Management budgeted the amount of reimbursements that were expected to be received during year from federal and state sources; however, the timing and rate of the reimbursements as compared to the spending on the construction projects did not match the expectation. Management will more closely monitor those expectations and budget accordingly.

Name and Title of Contact Person: Timothy Matte, Executive Director



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of the St. Mary Levee District and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The St. Mary Levee District's (Entity) management is responsible for those C/C areas identified in the SAUPs.

The Entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

Written policies and procedures were obtained and address all functions noted above with the exception of monitoring the budget.

- b) **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.

Written policies and procedures were obtained and address all functions noted above with the exception of (2) how vendors are added to the vendor list.

- c) **Disbursements**, including processing, reviewing, and approving.

Written policies and procedures were obtained and address all functions noted above with the exception of processing disbursements.

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

Written policies and procedures do not address the functions noted above.

- e) **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(s) rate of pay or approval and maintenance of pay rate schedules.

Written policies and procedures were obtained and address the functions noted above with the exception of (1) payroll processing.

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

Written policies and procedures do not address the functions noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-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).

Written policies and procedures do not address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above with the exception of (2) dollar thresholds by category of expense.

- i) **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.

Written policies and procedures were obtained and address (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-121; however, the policies and procedures do not address the remaining functions noted above.

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

Written policies and procedures do not address the functions noted above.

- k) **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.

Written policies and procedures do not address the functions noted above.

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

Written policies and procedures address the functions above with the exception of (2) annual employee training and (3) annual reporting.

Board or Finance Committee

2. 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:

- a) 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.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes for two meetings held did not include monthly budget-to-actual comparisons for the general fund.

- c) 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.

Obtained and reviewed the prior year audit report noting that the entity did not have a fund balance deficit in the general fund.

Bank Reconciliations

3. Obtain a listing of client 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:

- a) 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);

Obtained bank statements and reconciliations for all months in the fiscal period noting that all reconciliations have been prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Obtained bank statements and reconciliations for all months in the fiscal period noting evidence of independent review.

- c) 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.

Obtained bank statements and reconciliations for all months in the fiscal period noting that management has researched reconciling items that have been outstanding for more than 12 months.

Collections (excluding electronic funds transfers)

4. 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).

Obtained listing of deposit sites and management's representation that the listing is complete.

5. 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:

- a) Employees responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

The individual responsible for cash collections is also the individual responsible for preparing/making bank deposits.

- c) Each employee responsible for collecting cash is not 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.

The individual responsible for cash collections is also the individual responsible for posting collection entries to the general ledger.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (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). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
No exceptions noted.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions noted.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions noted.
 - d) 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).
Collection documentation was obtained; however, the number of days from receipt to deposit could not be determined since check receipt dates are not known.
 - e) Trace the actual deposit per the bank statement to the general ledger.
No exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. 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).
Listing of locations that process payments and management’s representation that the listing is complete was obtained.
9. For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
No exceptions noted.
 - b) At least two employees are involved in processing and approving payments to vendors.
No exceptions noted.
 - c) 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.
The person responsible for processing payments is not prohibited from adding/modifying vendor files.

- d) 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.

The person responsible for processing payments is also responsible for mailing the signed checks.

- 10. For each location selected under #8 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:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions noted.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

See exceptions for 9.c. and 9.d. above. No other exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

Listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) and management's representation that the listing is complete was obtained.

- 12. 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:

- a) 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.

No exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

- 13. Using the monthly statements or combined statements selected under #12 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 (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

The District's only active cards are fuel cards. Therefore, this procedure is not required.

Travel and Travel-Related Expense Reimbursement (excluding card transactions)

14. 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, 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:

Listing of all travel and travel-related expense reimbursements and management's representation that the listing is complete was obtained.

- a) If reimbursed using a per diem, observe 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).

No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe 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 policy (procedure #1h).

No exceptions noted.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

There were three instances where documentation of the reimbursement did not contain evidence of review and approval.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Listing of all agreements and contracts initiated and renewed during the fiscal period and management's representation that the listing is complete was obtained.

- a) 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.

No exceptions noted.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

No exceptions noted.

- c) If the contract was amended (e.g., change order), observe 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, was approval documented).

No exceptions noted.

- d) 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 the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

Payroll and Personnel

- 16. 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.

Listing of employees and management's representation that the listing is complete was obtained.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No written documentation existed to evidence supervisor approval of attendance or sick leave for one employee tested.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No written documentation existed to document cumulative leave records.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

- 18. 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Not applicable.

19. 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.

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No documentation existed to demonstrate that one out of two employees completed one hour of ethics training during the fiscal period.

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions noted.

Debt Service

21. 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 State Bond Commission approval was obtained for each debt instrument issued.

Not applicable.

22. 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).

No exceptions noted.

Fraud Notice

23. 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.

No misappropriations of public funds and assets noted.

24. 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.

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure 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 no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- 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.

We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions noted.

27. Observe 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).

The entity’s website did not contain the entity’s sexual harassment policy and complaint procedure.

28. 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 it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;

Two (100%) of the public servants in the agency have completed training requirements without exception.

- b) Number of sexual harassment complaints received by the agency;
There were no sexual harassment complaints received by the agency.
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
Not applicable.
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
Not applicable.
- e) Amount of time it took to resolve each complaint.
Not applicable.

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

We are required to be independent of the Entity 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 C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

June 27, 2022



ST. MARY LEVEE DISTRICT

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Independent Accountant's Report on Applying Agreed-Upon Procedures Management Response

Written Policies and Procedures

1. a) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2022 fiscal year. Budgeting, including monitoring the budget, will be reviewed for inclusion in the revised policies and procedures.
1. b) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2022 fiscal year. Purchasing, including (2) how vendors are added to the vendor list, will be reviewed for inclusion in the revised policies and procedures.
1. c) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2022 fiscal year. Disbursements, including processing of disbursements, will be reviewed for inclusion in the revised policies and procedures.
1. d) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2022 fiscal year. Receipts, including receiving, recording, and preparing deposits, and management's actions to determine the completeness of all collections will be reviewed for inclusion in the revised policies and procedures.
1. e) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2022 fiscal year. Payroll/Personnel, including (1) payroll processing, will be reviewed for inclusion in the revised policies and procedures.
1. f) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2022 fiscal year. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process, will be reviewed for inclusion in the revised policies and procedures.
1. g) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2022 fiscal year. Credit cards (and debit cards, fuel cards, P-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), will be reviewed for inclusion in the revised policies and procedures.

1. h) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2022 fiscal year. Travel and expense reimbursement, including (2) dollar thresholds by category of expense, will be reviewed for inclusion in the revised policies and procedures.
1. i) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2022 fiscal year. Ethics, including (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, will be reviewed for inclusion in the revised policies and procedures.
1. j) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2022 fiscal year. Debt service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements, will be reviewed for inclusion in the revised policies and procedures.
1. k) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2022 fiscal year. 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, will be reviewed for inclusion in the revised policies and procedures.
1. l) Management plans a review and update to the St. Mary Levee District's financial policies and procedures in the 2022 fiscal year. Sexual Harassment, including R.S. 42:342-344 requirements for (2) annual employee training and (3) annual reporting.

Board

2. b) These were rare occurrences. Management has prepared and formally presented monthly budget-to-actual comparison statements on the General Fund to the board for review and monitoring for all months subsequent to the occurrence.

Collections

5. b) Management is aware of the inadequate segregation of accounting functions and has determined that based upon the size of the operation and the cost-benefit consideration of additional personnel, it is not feasible to achieve complete segregation of duties.

5. c) Management is aware of the inadequate segregation of accounting functions and has determined that based upon the size of the operation and the cost-benefit consideration of additional personnel, it is not feasible to achieve complete segregation of duties.

Disbursements – General

9. c) Management is aware of the inadequate segregation of accounting functions and has determined that based upon the size of the operation and the cost-benefit consideration of additional personnel, it is not feasible to achieve complete segregation of duties.
9. d) Management is aware of the inadequate segregation of accounting functions and has determined that based upon the size of the operation and the cost-benefit consideration of additional personnel, it is not feasible to achieve complete segregation of duties.
10. b) Management is aware of the inadequate segregation of accounting functions and has determined that based upon the size of the operation and the cost-benefit consideration of additional personnel, it is not feasible to achieve complete segregation of duties.

Travel and Expense Reimbursement

14. d) Travel and expense reimbursement policies and procedures including review and approval, in writing, of reimbursements by someone other than the receiving employee will be reviewed and enforced for compliance.

Payroll and Personnel

17. b) Payroll and personnel policies and procedures including documentation and approval of daily attendance and leave will be reviewed and enforced for compliance.
17. c) Payroll and personnel policies and procedures including maintaining written leave records (e.g., hours earned, hours used, and balance available) will be reviewed and enforced for compliance.

Ethics

20. a) Ethics policies and procedures including the requirement that all employees, including elected officials, complete one hour of ethics training during the fiscal period will be reviewed and enforced for compliance.

Sexual Harassment

27. a) Sexual Harassment policies and procedures including the entity posting its sexual harassment policy and complaint procedures on its website will be reviewed and enforced for compliance.