

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

Bayou Vista, Louisiana

Financial Statements

Year Ended September 30, 2023

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INDEPENDENT ACCOUNTANT’S REVIEW REPORT

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

Report on the Financial Statements

We have reviewed the accompanying financial statements of the governmental activities and the major fund of Gravity Sub-Drainage District No. 1 of Gravity Drainage District No. 2 of the Parish of St. Mary (hereinafter “District”), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of the management of the District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management’s Responsibility for the Financial Statements

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

Accountant’s Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require budgetary comparison schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The budgetary comparison schedule, as listed in the table of contents, is the responsibility of management. The schedule was not audited or reviewed, and we do not express an opinion, a conclusion, nor provide any assurance on it.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
February 28, 2024

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Statement of Net Position
September 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 6,943
Investments	651,689
Refundable deposits	50
Prepaid expenses	<u>10,715</u>
Total current assets	<u>669,397</u>
Noncurrent assets:	
Capital assets not being depreciated	137,482
Capital assets, net of accumulated depreciation	<u>540,066</u>
Total noncurrent assets	<u>677,548</u>
Total assets	<u>1,346,945</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	<u>17,801</u>
NET POSITION	
Net investment in capital assets	677,548
Unrestricted	<u>651,596</u>
Total net position	<u>\$ 1,329,144</u>

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

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

Statement of Activities
 Year Ended September 30, 2023

	<u>Governmental Activities</u>
Expenses:	
Drainage works	<u>\$ 348,807</u>
General Revenues:	
Ad valorem taxes	291,105
Intergovernmental	16,720
Interest income	31,078
Miscellaneous	<u>7,568</u>
Total general revenues	<u>346,471</u>
Change in net position	(2,336)
Net position, beginning	<u>1,331,480</u>
Net position, ending	<u>\$ 1,329,144</u>

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

FUND FINANCIAL STATEMENTS

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

Balance Sheet
Governmental Fund
September 30, 2023

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 6,943
Investments	651,689
Refundable deposits	50
Prepaid expenditures	<u>10,715</u>
Total assets	<u>\$ 669,397</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 17,801</u>
Fund balance:	
Nonspendable - prepaid expenditures	10,715
Unassigned	<u>640,881</u>
Total fund balance	<u>651,596</u>
Total liabilities and fund balance	<u>\$ 669,397</u>

(continued)

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

Balance Sheet (continued)
Governmental Fund
September 30, 2023

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

Total fund balances for governmental funds at September 30, 2023	\$ 651,596
Capital assets, net of accumulated depreciation	<u>677,548</u>
Total net position for governmental activities at September 30, 2023	<u>\$ 1,329,144</u>

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

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

Statement of Revenues, Expenditures, and Change in Fund Balance
Governmental Fund
Year Ended September 30, 2023

	<u>General Fund</u>
Revenues:	
Ad valorem taxes	\$ 291,105
Intergovernmental	16,720
Interest income	31,078
Miscellaneous	<u>7,568</u>
Total revenues	<u>346,471</u>
Expenditures:	
Drainage works -	
Advertising	1,393
Diesel fuel for pumps	1,366
Electrical	7,044
Insurance	77,376
Professional fees	65,015
Maintenance and repairs	39,745
Miscellaneous	220
Office supplies	891
Payroll tax expense	6,345
Pension deductions from ad valorem taxes	9,795
Per diem - board	3,705
Salaries and wages	77,699
Supplies	3,474
Truck	1,597
Telephone	1,789
Capital outlay	<u>11,843</u>
Total expenditures	<u>309,297</u>
Net change in fund balance	37,174
Fund balance, beginning	<u>614,422</u>
Fund balance, ending	<u>\$ 651,596</u>

(continued)

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

Statement of Revenues, Expenditures, and Change in Fund Balance (continued)
Governmental Fund
Year Ended September 30, 2023

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

Net change in fund balance-governmental fund	\$ 37,174
Cost of capital assets	11,843
Depreciation	(48,970)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations)	<u>(2,383)</u>
Change in net position of governmental activities	<u>\$ (2,336)</u>

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

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

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

A separate financial statement is provided for the governmental fund.

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

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

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

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

Notes to Financial Statements (continued)

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

The District has the following fund type:

Governmental Fund -

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

General Fund-

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

D. Interest-Bearing Deposits

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

E. Investments

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

F. Receivables

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

G. Prepaid Items

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

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

Notes to Financial Statements (continued)

H. Capital Assets

Assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing assets.

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

Buildings, pump stations, infrastructure, and improvements	25-40 years
Equipment, pumps, and engines	5-15 years

I. Deferred Inflows of Resources

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

J. Equity Classifications

Government-wide Financial Statements

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

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

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

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

Notes to Financial Statements (continued)

Fund Financial Statements

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

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form (such as prepaid amounts) or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through formal actions by the Board of Commissioners.
4. Assigned - amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. Under the District's policy, only the Board of Commissioners may assign amounts for specific purposes.
5. Unassigned - amounts that are available for any purpose.

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

K. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks having principal offices in Louisiana. At September 30, 2023, the District had cash and cash equivalents (book balances) totaling

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF
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Notes to Financial Statements (continued)

\$6,943 in cash and interest-bearing deposits.

The District's deposits are stated at cost, which approximates market. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the District will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2023, the District has \$7,427 in deposits (bank balances). These deposits are secured from risk by federal deposit insurance and are, therefore, not exposed to custodial credit risk.

(3) Investments

Investments held at September 30, 2023 consist of \$651,689 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

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

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

Credit risk – LAMP is rated AAAM by Standard & Poor's.

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

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

Interest rate risk – 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

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

Notes to Financial Statements (continued)

Foreign currency risk – not applicable to 2a7-like pools.

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

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

Fair Value Measurements

To the extent available, the District's investments are recorded at fair value as of September 30, 2023. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

(4) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property within the District's taxing area as of January 1 of each year. Taxes are levied by the District in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The St. Mary Parish Sheriff bills and collects the District's property taxes using the assessed values determined by the tax assessor of St. Mary Parish. District property tax revenues are budgeted in the year billed.

For the year ended September 30, 2023, taxes of 12.63 mills were levied on property with net assessed valuations totaling \$23,596,191. Total ad valorem taxes levied were \$298,019.

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF
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Notes to Financial Statements (continued)

(5) Capital Assets

A summary of capital assets activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Dispositions	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Construction in progress	\$ 125,639	\$ 11,843	\$ -	\$ 137,482
Capital assets being depreciated				
Buildings, pump stations, infrastructure, and improvements	838,954		6,500	832,454
Equipment, pumps and engines	683,463	-	-	683,463
Total capital assets being depreciated	1,522,417	-	6,500	1,515,917
Less: accumulated depreciation				
Buildings, pump stations, infrastructure, and improvements	316,545	33,923	4,117	346,351
Equipment, pumps and engines	614,453	15,047	-	629,500
Total accumulated depreciation	930,998	48,970	4,117	975,851
Total capital assets being depreciated, net	591,419	(48,970)	2,383	540,066
Net capital assets	\$ 717,058	\$ (37,127)	\$ 2,383	\$ 677,548

Depreciation expense in the amount of \$48,970 was charged to drainage works.

(6) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at September 30, 2023 consist of the following:

Accounts payable	\$ 14,571
Accrued salaries	3,000
Accrued payroll taxes	230
	\$ 17,801

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Notes to Financial Statements (continued)

(7) Compensation Paid to Board Members

For the year ended September 30, 2023, the following individuals served on the Board of Commissioners and received per diem allowances as follows:

Wayne Cantrell	\$ 975
Gerald Hotard	780
Chad Ross	585
Raymond Beadle, Jr.	715
Mark Gowan	<u>650</u>
Total	<u>\$ 3,705</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. With the exception of per diem, no other payments which would require disclosure were made to the District's chief officer. The District's chief officer was Wayne Cantrell for the period October 1, 2022 through September 30, 2023 and received \$975 in per diem payments during this period.

(8) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The District is insured up to policy limits for each of the above risks. There were no significant changes in coverages, retentions, or limits during the year ended September 30, 2023. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

(9) New Accounting Pronouncements Scheduled to be Implemented

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

GASB Statement 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The standard is effective for annual reporting periods beginning after June 15, 2023. The effect of implementation on the District's financial statements has not yet been determined.

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Notes to Financial Statements (continued)

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This standard is effective for annual reporting periods beginning after December 15, 2023. The effect of implementation on the District's financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

GRAVITY SUB-DRAINAGE DISTRICT NO. 1 OF
GRAVITY DRAINAGE DISTRICT NO. 2
OF THE PARISH OF ST. MARY
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General Fund
Budgetary Comparison Schedule
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 323,000	\$ 290,988	\$ 291,105	\$ 117
Intergovernmental	17,500	16,720	16,720	-
Interest income	1,000	25,155	31,078	5,923
Miscellaneous	<u>5,000</u>	<u>7,568</u>	<u>7,568</u>	<u>-</u>
Total revenues	<u>346,500</u>	<u>340,431</u>	<u>346,471</u>	<u>6,040</u>
Expenditures:				
Drainage works -				
Advertising	1,000	1,466	1,393	73
Diesel fuel for pumps	8,000	8,000	1,366	6,634
Electrical	13,000	9,709	7,044	2,665
Insurance	88,000	97,000	77,376	19,624
Professional fees	85,000	95,000	65,015	29,985
Maintenance and repairs	55,000	75,000	39,745	35,255
Miscellaneous	10,000	2,000	220	1,780
Office supplies	1,000	1,000	891	109
Payroll taxes	10,000	6,434	6,345	89
Pension deductions from ad valorem taxes	11,000	9,795	9,795	-
Per diem - board	4,000	3,705	3,705	-
Salaries and wages	125,000	90,000	77,699	12,301
Supplies	3,000	6,000	3,474	2,526
Truck	2,000	1,692	1,597	95
Telephone	8,000	2,500	1,789	711
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>11,843</u>	<u>(6,843)</u>
Total expenditures	<u>429,000</u>	<u>414,301</u>	<u>309,297</u>	<u>105,004</u>
Net change in fund balance	(82,500)	(73,870)	37,174	111,044
Fund balance, beginning	<u>614,422</u>	<u>551,918</u>	<u>614,422</u>	<u>62,504</u>
Fund balance, ending	<u>\$ 531,922</u>	<u>\$ 478,048</u>	<u>\$ 651,596</u>	<u>\$ 173,548</u>

See accompanying notes to budgetary comparison schedule and independent accountant's review report.

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

Notes to Budgetary Comparison Schedule

(1) Basis of Accounting

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

(2) Budgetary Practices

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

REQUIREMENTS OF THE *LOUISIANA GOVERNMENTAL AUDIT GUIDE*

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the compliance of Gravity Sub-Drainage District No. 1 of Gravity Drainage District No. 2 of the Parish of St. Mary (hereinafter “District”) with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire (Exhibit A) during the year ended September 30, 2023, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District’s management is responsible for its financial records and compliance with applicable laws and regulations.

An agreed-upon procedures engagement involves the performing of specific procedures that the District has agreed to and acknowledged are appropriate to meet the intended purpose of the engagement in determining the District’s compliance with the laws and regulations contained in the accompanying Louisiana Attestation Questionnaire (Exhibit A) and report on exceptions based upon the procedures performed. Additionally, the Louisiana Legislative Auditor (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 exceptions, if any, are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$60,000, and public works exceeding \$250,000. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1755 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), or the regulations of the Division of Administration and the State Purchasing Office, whichever is applicable, and report whether the expenditures were made in accordance with these laws.

No expenditures for materials and supplies were made during the year that exceeded \$60,000, nor were there any expenditures for public works made during the year that exceeded \$250,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

A list of immediate family members was requested from each board member; however, three board members did not provide the requested information.

3. Obtain a list of all employees paid during the fiscal year.

Management provided us with the required list.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

None of the employees included on the list of employees provided by management [agreed upon procedure (3)] appeared on the list provided by management in agreed-upon procedures (2).

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and related amendments.

7. Trace documentation for the adoption of the budgets and approval of any amendments to the minutes book, and report whether there are any exceptions.

Adoption of budget and all amendments traced to action by Board of Commissioners in the minute book. No exceptions were identified.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.

Actual revenues did not fail to meet budgeted amounts by 5% or more and actual expenditures did not exceed budgeted amounts by 5% or more.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

- (a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

No exceptions were identified as a result of applying this procedure.

- (b) Report whether the six disbursements were coded to the correct fund and general ledger account.

No exceptions were identified as a result of applying this procedure.

- (c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

No exceptions were identified as a result of applying this procedure.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

Management represented that the District is only required to post a notice of each meeting and the accompanying agenda on the door of the building in which meetings are held. Although management has asserted that such documents were properly posted, no evidence was provided to support management's assertion other than an unmarked copy of the notices and agendas.

Debt

11. Obtain bank deposit slips for the fiscal year and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions

We obtained copies of all bank deposit slips for the year ended September 30, 2023 and identified no deposits that appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

We inspected payroll records and meeting minutes for the year and observed no instances which would indicate payments to employees, or approvals of same, that may constitute bonuses, advances, or gifts.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The District provided for a timely report in accordance with R.S. 24:513.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

The District did not enter into any such contracts while not in compliance with R.S. 24:513.

Prior Comments and Recommendations

15. Obtain and report management's representation as to whether any prior-year suggestions, recommendations, and/or comments have been resolved

Our prior year report, dated March 10, 2023, did not include any comments or unresolved matters with regard to the foregoing agreed upon procedures.

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

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

The purpose of this report is solely to describe the scope of testing performed on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Compliance Questionnaire (Exhibit A), as required Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the results of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the management of the District and the LLA and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
February 28, 2024

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

Summary Schedule of Prior Findings
Year Ended September 30, 2023

2022-001 - Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

CURRENT STATUS: See schedule of findings, item 2023-001.

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

Schedule of Findings
Year Ended September 30, 2023

Findings reported in accordance with *Government Auditing Standards*

A. Internal Control

2023-001 - Inadequate Segregation of Duties

Year Initially Occurring: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

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

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

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

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

B. Compliance

No findings are reported under this section.

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

Corrective Action Plan for Current Findings
Year Ended September 30, 2023

2023-001 - Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Not considered necessary.

LOUISIANA ATTESTATION QUESTIONNAIRE

Exhibit A

Gravity Sub-Drainage District No. 1 of Gravity Drainage District No. 2 of the Parish of St. Mary
Louisiana Attestation Questionnaire
Year Ended September 30, 2023

Kolder, Slaven & Company, LLC, CPAs
Post Office Box 3438
Morgan City, Louisiana 70381

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below as of September 30, 2023 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.
Yes No N/A

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.
Yes No N/A

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes No N/A

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.
Yes No N/A

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes No N/A

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes No N/A

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No N/A

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No N/A

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.
Yes No [] N/A []

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.
Yes No [] N/A []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 Through 42:28.
Yes No [] N/A []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.
Yes No [] N/A []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.
Yes No [] N/A []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.
Yes No [] N/A []

General

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.
Yes No [] N/A []

We acknowledge that we are responsible for determining that that the procedures performed are appropriate for the purposes of this engagement.
Yes No [] N/A []

We have evaluated our compliance with these laws and regulations prior to making these representations.
Yes No [] N/A []

We have provided you with all relevant information and access under the terms of our agreement.
Yes No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.
Yes No [] N/A []

We are not aware of any material misstatements in the information we have provided to you.

Yes [] No [] N/A []

We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will disclose to you any such communication received between the end of the period under examination and the date of your report.

Yes [] No [] N/A []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes [] No [] N/A []

The previous responses have been made to the best of our belief and knowledge.

President

Date

11-14-23