

LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1

REPORT ON AUDIT OF COMPONENT
UNIT FINANCIAL STATEMENTS

DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Livingston Parish Gravity Drainage
District #1
Livingston Parish Council
Denham Springs, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund (the General Fund), and the budgetary comparison statement of the General Fund of the Livingston Parish Gravity Drainage District # 1, "the District," a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Modified Opinion

As described in Note 13 to the financial statements, management has not recorded an estimated expenditure, liability, revenue or receivable related to Hurricane Gustav debris removal services received under a cooperative endeavor agreement between the Livingston Parish Council and the Livingston Parish Gravity Drainage District #1. Documentation related to the costs associated with these services has not been provided by the Livingston Parish Council or the debris removal contractors for management to be able to estimate and record the estimated amounts in the financial statements.

Accounting principles generally accepted in the United States of America require that an adequate estimate be reported in the financial statements for receivables, liabilities, revenues and expenditures to account for the debris removal services and the associated grant reimbursements. The amount by which this departure would affect the assets, liabilities, fund balances, net position, revenues, and expenditures of the Government-Wide and the General Fund is not reasonably determinable as sufficient documentation was not available to adequately estimate the financial transactions.

Opinions

In our opinion, except for the effect of the matter described in the "Basis for Modified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund (the General Fund) of the Livingston Parish Gravity Drainage District # 1 as of December 31, 2018, and the budgetary comparison statement of the General Fund and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Livingston Parish Gravity Drainage District #1's December 31, 2017 financial statements, and we expressed a modified opinion on those audited financial statements in our report dated June 12, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2019, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 25, 2019

Livingston Parish Gravity Drainage
District #1
Denham Springs, Louisiana
Management Discussion and Analysis
December 31, 2018

This section of the Livingston Parish Gravity Drainage District #1's (the District) annual financial report presents our discussion and analysis of the District's activities for the year ended December 31, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the detailed financial statements.

FINANCIAL HIGHLIGHTS

- * Net Position on December 31, 2018 was \$5,713,195.
- * The Net Position of the Governmental Activities showed an increase of \$388,155 representing a 7.29% increase in 2018.
- * The total general fund balance at December 31, 2018 was \$4,134,624. This reflects an actual increase in 2018 of \$260,869 or 6.74% mainly caused by decreases in repairs and maintenance and professional fee expenses with a slight increase in ad valorem tax revenues for 2018.
- * At the end of 2018, Unassigned General Fund Balance of \$4,069,649 represents 182.4% of total General Fund Expenditures.
- * The District had a 4.87% decrease in the amount of sales tax revenue in 2018 from the amount in 2017. The sales tax revenue totaled \$1,732,068 in 2018 and \$1,820,739 in 2017 representing 69.51% and 69.31% of the total revenue in each of the respective years.
- * The District had a 1.21% increase in the amount of ad valorem tax revenue in 2018. The ad valorem tax revenue totaled \$728,262 in 2018 and \$719,594 in 2017 representing 29.23% and 27.39% of the total revenues in each of the respective years. The rebound from the disaster flood of 2016 impacted the ad valorem tax base positively again for this year.

OVERVIEW OF FINANCIAL STATEMENTS

The management discussion and analysis are intended to serve as an introduction to the basic financial statements of the District. The District's basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements.

Government-wide financial statements are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the District's financial position and results of operations in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and accrued but unpaid interest).

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The District has one fund, the General Fund, which is a governmental type fund.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 through 18 of this report.

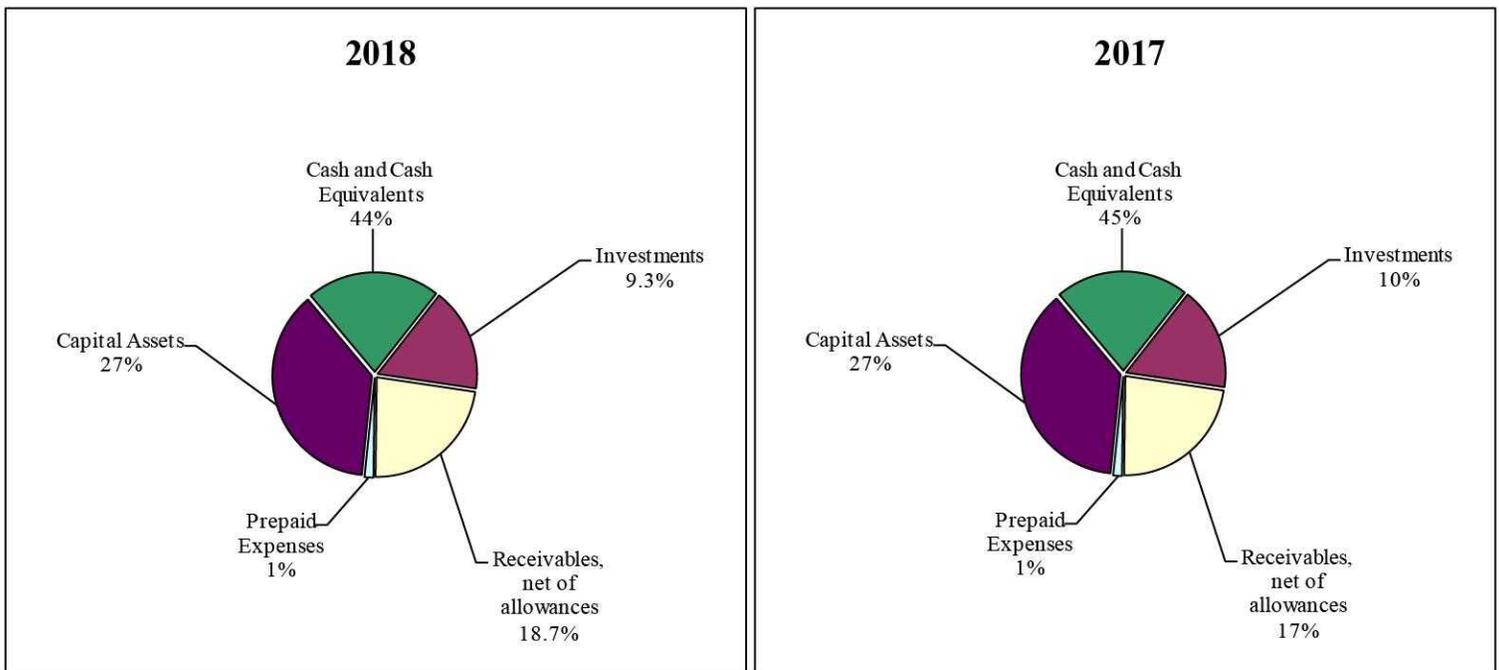
Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 35 of this report.

STATEMENT OF NET POSITION

The following is a schedule of the District's net position at December 31, 2018 and 2017. Net position is calculated by taking the difference between the total assets and total liabilities. The District's assets exceeded its liabilities at the close of 2018 and 2017 by a total of \$5,713,195 and \$5,325,040, respectively.

Condensed Statements of Net Position

	<u>2018</u>	<u>2017</u>	<u>Increases (Decreases)</u>
Cash and Cash Equivalents	\$ 2,545,950	\$ 2,433,941	\$ 112,009
Investments	541,121	540,849	272
Receivables, net of allowances	1,088,785	915,983	172,802
Prepaid Expenses-Inventory	64,975	66,315	(1,340)
Capital Assets, Net of Accumulated Depreciation	<u>1,578,571</u>	<u>1,451,285</u>	<u>127,286</u>
 Total Assets	 5,819,402	 5,408,373	 411,029
 Current Liabilities	 <u>106,207</u>	 <u>83,333</u>	 <u>22,874</u>
 Total Liabilities	 106,207	 83,333	 22,874
 Net Position			
Net Investment in Capital Assets	1,578,571	1,451,285	127,286
Unrestricted	<u>4,134,624</u>	<u>3,873,755</u>	<u>260,869</u>
 Total Net Position	 <u>\$ 5,713,195</u>	 <u>\$ 5,325,040</u>	 <u>\$ 388,155</u>



STATEMENT OF ACTIVITIES

The District is committed to previous years' goals of accomplishing proper maintenance to the existing infrastructure canal and ditch systems for drainage. Various improvement projects at certain sites were undertaken as well as the continued ongoing clearing, spraying, and general improvement to drainage areas. The extreme growth in the number of homeowners along with business establishments in the District and the new challenges and demands for better drainage of water flow throughout the District is currently challenging management to improve all areas for drainage. Improving methods of clearing, cleaning, and maintaining existing canals is management's priority. Lower areas are being developed and the general population is occupying these areas in large numbers. As the growth continues within the District, due diligence and expenditure of resources will be a priority to secure proper drainage for all. Increased staff and equipment purchases were made in recent years to achieve the goal of proper drainage. The District has focused on the routine maintenance of problem drainage areas in the District and attempting assistance to various citizens with drainage issues. The District has completed the first phases of engineering of designing a modeling program of the major tributary, Gray's Creek, along with Dixon and has added other studies for other streams.

The majority of the funding for the District's operation and maintenance is provided by sales taxes on public sales within the boundaries of the District. The District collects a one-half cent sales and use tax within the boundaries of the District which is placed into the general fund. The District's voters passed a renewal of the 5 mill Ad Valorem property tax in 2010 and collected 4.43 mills in 2018. An election is scheduled for the renewal of ad valorem tax beginning in 2021. The funds are used to pay for the operation and maintenance of the drainage systems and asset purchases. Other sources of revenue result from interest earned and governmental revenue sharing amounts. The District does not have any debt.

Condensed Statements of Activities

	<u>2018</u>	<u>2017</u>	<u>Increases (Decreases)</u>
Revenues:			
General Revenues	\$ 2,492,125	\$ 2,707,743	\$ (215,618)
	2,492,125	2,707,743	(215,618)
Expenses:			
Public Works	1,907,041	1,939,427	(32,386)
Depreciation	196,929	182,451	14,478
	<u>2,103,970</u>	<u>2,121,878</u>	<u>(17,908)</u>
Change in Net Position	\$ <u>388,155</u>	\$ <u>585,865</u>	\$ <u>(197,710)</u>

REVENUES

- * Sales and use tax revenue decreased by \$88,671 or 4.87% in 2018 from the previous year. Ad valorem taxes increased by \$8,668 or 1.21%.

EXPENSES

Total expenses for 2018 decreased by \$17,908. This net decrease in operating expense was because of the following:

- * Salaries, payroll taxes, and retirement expenses increased \$51,602 over the past year.
- * Depreciation expense increased \$14,478 in 2018.
- * Supplies and equipment repairs decreased by a total of \$76,267 in 2018 along with various other category decreases.
- * Engineering fees included in professional fees decreased by \$17,424.
- * Health insurance and business insurance decreased by \$8,795.

BUDGETARY HIGHLIGHTS

- * The final amended budget for revenues in 2018 reflects a decrease of \$120,900. This was caused by expectations being less for another year of local sales tax revenue collections below the record 2016 year total.
- * In 2018, the District received \$6,875 less than the final amended revenue budget or a 0.28% unfavorable variance, and in 2017 revenues were less than the final amended revenue budget by \$13,216 or .5% unfavorable variance.
- * In 2018, the final amended budget for expenditures reflects a \$100,859 favorable variance as compared to a \$79,373 favorable variance in 2017. The 2018 final amended budget reflected a \$199,985 favorable variance in capital outlay expenditures as the major portion of the overall favorable variance. Improvement projects were not completed in 2018 but will be made during the 2019 year.

CAPITAL ASSETS

The District's investment in capital assets as of December 31, 2018 and 2017 amounts to \$1,578,571 and \$1,451,285 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery, and equipment. The total net increase in the District's cost of investment in capital assets for 2018 was \$127,286 or 8.77%.

2018: Total cost of additions equaled \$324,215:
Vehicles and equipment purchased amounted to \$110,262.
Drainage improvements amounted to \$175,624.
Building improvements amounted to \$38,329.

Depreciation expense for 2018 amounted to \$196,929.

FUTURE EXPENSES

The District is committed to previous years' goals of accomplishing proper maintenance to all major canals, ditches, and lateral drainage channels for the new population demand being experienced within the District. The extreme growth in the number of homeowners in the District and the additional drainage impact effects from new development will require additional cleaning of major drainage channels. Focusing attention on canals which are holding surface water or causing delayed drainage will be pursued by the District in the future with the resources available. Moderate increases in expenditures for engineering, employee salaries, general supplies will be realized. New capital outlay items for related maintenance equipment, interaction projects with FEMA, completion of the Amite Church Road Project, engineering for multiple watershed studies, and a building renovation is estimated in 2019 and beyond.

A modeling system is in process for engineering of the major tributary (Gray's Creek Watershed Project and several other watersheds in the District) which will add expenses of major improvements within the next five years. The District adopted a budget amount equal to \$502,000 for Capital Outlay in 2019 to accomplish the goals stated above inclusive of District improvements along the watershed of Gray's Creek.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens and creditors with a general overview of the District's finances and reveal the District's accountability for the money received through its operations. If there are any questions about this report or need of additional financial information, contact Administrative Secretary, Randall Smith, Post Office Box 1265, Denham Springs, La 70727.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

STATEMENT OF NET POSITION

DECEMBER 31, 2018
(With Comparative Totals as of December 31, 2017)

ASSETS

	Governmental Activities	
	2018	2017
Assets:		
Cash and Cash Equivalents	\$2,545,950	\$2,433,941
Investments	541,121	540,849
Due From Other Governments	8,240	8,479
Ad Valorem Taxes Receivable, Net of Allowance	723,187	602,565
Sales Tax Receivable, Net of Collection Fees	313,508	304,831
Other Receivables	43,850	108
Inventory	2,480	2,029
Prepaid Insurance	62,495	64,286
Capital Assets, Net of Accumulated Depreciation	1,578,571	1,451,285
Total Assets	\$5,819,402	\$5,408,373

LIABILITIES

Liabilities:		
Accounts Payable	\$ 73,639	\$ 55,742
Accrued Liabilities	32,568	27,591
Total Liabilities	106,207	83,333

NET POSITION

Net Investment in Capital Assets	1,578,571	1,451,285
Unrestricted	4,134,624	3,873,755
Total Net Position	5,713,195	5,325,040
Total Liabilities and Net Position	\$5,819,402	\$5,408,373

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

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	<u>Governmental Activities</u>	
	2018	2017
Governmental Activities:		
Expenses:		
Public Works	\$ 1,907,041	\$ 1,939,427
Depreciation	196,929	182,451
	2,103,970	2,121,878
General Revenues:		
Ad Valorem Tax	728,262	719,594
Sales Tax	1,732,068	1,820,739
State Revenue Sharing	25,198	25,165
Net Realized and Unrealized Gains on Investments	1,301	-
Miscellaneous	315	-
Interest	4,981	4,751
Intergovernmental	-	56,535
Net Gain on Sale of Assets	-	80,959
	2,492,125	2,707,743
Change in Net Position	388,155	585,865
Net Position - Beginning of Year	5,325,040	4,739,175
Net Position - End of Year	\$ 5,713,195	\$ 5,325,040

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

FUND FINANCIAL STATEMENTS

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

BALANCE SHEET - GENERAL FUND

DECEMBER 31, 2018

(With Comparative Totals as of December 31, 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and Cash Equivalents	\$2,545,950	\$2,433,941
Investments	541,121	540,849
Due From Other Governments	8,240	8,479
Ad Valorem Taxes Receivable, Net of Allowance	723,187	602,565
Sales Tax Receivable, Net of Collection Fees	313,508	304,831
Other Receivables	43,850	108
Inventory	2,480	2,029
Prepaid Insurance	62,495	64,286
	<u>62,495</u>	<u>64,286</u>
Total Assets	<u>\$4,240,831</u>	<u>\$3,957,088</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	\$ 73,639	\$ 55,742
Accrued Liabilities	32,568	27,591
	<u>32,568</u>	<u>27,591</u>
Total Liabilities	106,207	83,333
Fund Equity:		
Fund Balance:		
Nonspendables:		
Inventory and Prepaid Insurance	64,975	66,315
Unassigned	4,069,649	3,807,440
	<u>4,069,649</u>	<u>3,807,440</u>
Total Fund Equity	<u>4,134,624</u>	<u>3,873,755</u>
Total Liabilities and Fund Equity	<u>\$4,240,831</u>	<u>\$3,957,088</u>

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

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

RECONCILIATION OF THE GENERAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2018
(With Comparative Totals as of December 31, 2017)

	<u>2018</u>	<u>2017</u>
Fund Balances - Total Governmental Fund	\$4,134,624	\$3,873,755
Amounts reported for governmental activities in the statement of net position is different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the fund		
Governmental Capital Assets	3,865,163	3,540,948
Less: Accumulated Depreciation	<u>(2,286,592)</u>	<u>(2,089,663)</u>
	<u>1,578,571</u>	<u>1,451,285</u>
Net Position of Governmental Activities	<u>\$5,713,195</u>	<u>\$5,325,040</u>

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

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE- GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	2018	2017
Revenues:		
Ad Valorem Taxes	\$ 728,262	\$ 719,594
Sales Tax	1,732,068	1,820,739
State Revenue Sharing	25,198	25,165
Net Realized and Unrealized Gains on Investments	1,301	-
Miscellaneous	315	-
Interest	4,981	4,751
Intergovernmental	-	56,535
	2,492,125	2,626,784
Expenditures:		
Public Works:		
Salaries	872,873	826,984
Per Diem-Board Members	10,800	9,600
Payroll Taxes	68,094	65,959
Retirement Contributions	61,203	57,625
Health Insurance	145,377	150,947
Assessor's Pension Fund	28,754	27,794
Business Insurance	110,304	113,529
Fuel	41,723	32,297
Legal and Professional Fees	288,868	306,292
Supplies	117,853	122,006
Miscellaneous	2,366	1,856
Office Supplies	4,673	3,715
Repairs and Maintenance	74,222	146,336
Sales Tax Collection Fees	24,005	25,304
Telephone	6,513	8,038
Uniforms	26,295	23,103
Utilities	23,118	18,042
	1,907,041	1,939,427

(CONTINUED)

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE- GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	2018	2017
Expenditures (Continued):		
Capital Outlay	324,215	266,158
Total Expenditures	2,231,256	2,205,585
Excess of Revenues over Expenditures	260,869	421,199
Other Financing Sources:		
Proceeds from Sale of Assets	-	80,959
Excess of Revenues and Other Sources Over Expenditures	260,869	502,158
Fund Balance at Beginning of Year	3,873,755	3,371,597
Fund Balance at End of Year	\$4,134,624	\$3,873,755

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

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GENERAL FUND
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	2018	2017
Net Change in Fund Balances - Total Governmental Fund	\$ 260,869	\$ 502,158
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the difference between capital outlays and depreciation in the period:</p>		
Capital Outlays	324,215	266,158
Depreciation Expense	(196,929)	(182,451)
	127,286	83,707
Add accumulated depreciation on capital assets retired during the year	-	294,330
Less cost basis of capital assets retired during the year	-	(294,330)
	-	-
Change in Net Position of Governmental Activities	\$ 388,155	\$ 585,865

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

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 715,000	\$ 728,300	\$ 728,262	\$ (38)
Sales Tax	1,875,000	1,740,000	1,732,068	(7,932)
State Revenue Sharing	25,900	25,500	25,198	(302)
Net Realized and Unrealized Gains on Investments	-	-	1,301	1,301
Miscellaneous	-	400	315	(85)
Interest	4,000	4,800	4,981	181
Total Revenues	2,619,900	2,499,000	2,492,125	(6,875)
Expenditures:				
Public Works:				
Salaries	890,000	875,000	872,873	2,127
Per Diem- Board Members	12,000	11,300	10,800	500
Payroll Taxes	74,000	70,000	68,094	1,906
Retirement Contributions	70,000	61,000	61,203	(203)
Health Insurance	160,000	150,000	145,377	4,623
Assessor's Pension Fund	31,000	30,000	28,754	1,246
Business Insurance	130,000	127,000	110,304	16,696
Fuel	44,000	45,000	41,723	3,277
Legal and Professional Fees	288,000	344,000	288,868	55,132
Supplies	140,000	132,000	117,853	14,147
Miscellaneous	27,500	2,600	2,366	234
Office Supplies	6,000	6,000	4,673	1,327
Repairs and Maintenance	85,000	76,000	74,222	1,778
Sales Tax Collection Fees	28,000	24,000	24,005	(5)
Telephone	10,000	7,000	6,513	487
Uniforms	23,000	25,000	26,295	(1,295)
Utilities	22,000	22,000	23,118	(1,118)
Wetlands Mitigation	10,000	-	-	-
	2,050,500	2,007,900	1,907,041	100,859

(CONTINUED)

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Expenditures (Continued):				
Capital Outlay	430,000	524,200	324,215	199,985
Total Expenditures	2,480,500	2,532,100	2,231,256	300,844
Excess of Revenues Over Expenditures	139,400	(33,100)	260,869	293,969
Fund Balance at Beginning of Year	3,873,755	3,873,755	3,873,755	-
Fund Balance at End of Year	<u>\$ 4,013,155</u>	<u>\$ 3,840,655</u>	<u>\$ 4,134,624</u>	<u>\$ 293,969</u>

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

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

(1) Summary of Significant Accounting Policies -

Livingston Parish Gravity Drainage District #1 (“the District”) is a corporate body created by the Livingston Parish Council on November 22, 1969, as provided by Louisiana Revised Statutes. The purpose of the District is to provide maintenance services to drainage structures within the boundaries of the district. The District is governed by a board of five commissioners.

In October 2010, an election was held whereby the voters of Livingston Parish Gravity Drainage District #1 approved a ten year 5-mill property tax on assessed property within the District which will expire in 2020. Also, on January 15, 2005, a 20-year renewal election was held whereby the voters of the District approved a ½% sales tax. In addition, the District receives State Revenue Sharing funds from State provisions connected to the local property tax election passage.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 30, 2018, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

A. Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the District's Board of Commissioners. Control by or dependence on the board was determined on the basis of taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

In conformance with Governmental Accounting Standards Board, Statement 61, the District is a component unit of the Livingston Parish Council, the governing body of the parish. The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Council and the general government services provided by that governmental unit.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

B. Basis of Presentation

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. There were no activities of the District categorized as a business-type activity.

Basic Financial Statements - Government-Wide Statements

In the government-wide Statement of Net Position, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants. The District does not have any program revenues or operating and capital grants.

The net costs (by function) are normally covered by general revenue (taxes, interest and investment earnings, etc).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in an individual fund in the fund financial statements. This fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. This fund is reported by generic classification within the financial statements.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

The District uses the following fund type:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) 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:

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. At December 31, 2018, it is the only fund of the District.

C. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual -

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the District consist principally of sales taxes, property taxes, state revenue sharing, and interest income. Interest income is recorded when earned. Sales taxes are recorded as revenues when the underlying transaction occurs and meets the availability criteria. Property taxes are recorded as revenues when levied even though a portion of the taxes may be collected in subsequent years. State revenue sharing is recorded when made available.

2. Modified Accrual -

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the Governmental Fund Financial Statements.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

D. Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays costing at least \$1,500 and significantly extending the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight line basis over the following estimated useful lives:

Buildings and Improvements	20 to 40 years
Equipment	5 to 10 years
Vehicles	5 years

E. Budgetary Practices

The District utilizes the following budgetary practices:

The Chairperson of the Board prepares the annual budget which is based on what is expected to be collected during the fiscal year and is approved by the Board of Commissioners. The adopted budget constitutes the authority of the District to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved monthly by the Board before payment. The 2018 budget was discussed in a public hearing and adopted during a meeting of the Board on December 12, 2017. The amended 2018 budget was discussed in a public hearing and adopted during a meeting of the Board on December 11, 2018.

All budget amounts presented in the financial statements have been adjusted for legally authorized revisions of the annual budget during the year.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

G. Inventory

Inventory is valued at cost, which approximates market, using the first-in first-out method. The District's inventory consists of fuel. The nonspendable fund balance at the governmental fund level is equal to the amount of inventory at year-end to indicate the portion of the governmental fund balance that is nonspendable.

H. Encumbrances

Encumbrances outstanding at year end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The Governmental Fund's budget is maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end.

The actual results of operations are presented in accordance with GAAP and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. At December 31, 2018, the District had no outstanding encumbrances.

I. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.

J. Summary Financial Information for 2017

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

K. Fund Equity

The District implemented the provisions of Governmental Accounting Standards Board Statement No. 54 which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can only be used for specific purposes determined by a formal action of the District board. These amounts cannot be used for any other purpose unless the District board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned - Amounts that are designated as committed by the District board but are not spendable until a budget ordinance is passed.

Unassigned - All amounts not included in other spendable classifications. The District board has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

The details of the fund balances are included in the Balance Sheet - General Fund (page 12). As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the District board or the assignment has been changed by the District board. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

L. Subsequent Events

The District evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 25, 2019, the date which the financial statements were available to be issued.

(2) Cash, Cash Equivalents and Investments -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with maturities less than 90 days. Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agents, the District had cash and cash equivalents totaling \$2,553,886 with a carrying amount of \$2,545,950 at December 31, 2018.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

As of December 31, 2018, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
			<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Mutual Funds	\$ 2,933	\$ 2,933	\$ 2,933	\$ -	\$ -	\$ -
Time Certificates of Deposit	<u>538,188</u>	<u>538,188</u>	<u>538,188</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 541,121</u>	<u>\$ 541,121</u>	<u>\$ 541,121</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Measurements. The investments are reflected at fair value except for the following which are permitted per GASB Statement No. 31:

- Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates are reported using a cost-based measure. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.
- The District reports at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following fair value measurements as of December 31, 2018: Mutual funds of \$2,933 are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the District regardless of its designation by the financial institution in which it is deposited. As of December 31, 2018, none of the District's bank balance of \$2,553,886 was exposed to custodial credit risk.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To mitigate this risk, state law requires for these investments (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the District regardless of its designation by the financial institution in which it is deposited. As of December 31, 2018, none of the District's investments of \$541,121 was exposed to custodial credit risk.

(3) Ad Valorem Taxes -

On October 10, 2010, the voters, who live within the boundaries of Gravity Drainage District No. 1 of Livingston Parish, Louisiana, renewed a 5-mill (\$5.00 per \$1,000 of assessed valuation) ad valorem tax to provide funds for the maintenance, improvement, and construction of drainage structures within the District. The tax is effective for a 10-year period (2011-2020).

The ad valorem taxes are levied each November 15 on the taxable assessed value listed as of the prior January 1 for all real and business personal property located within the boundaries of Gravity Drainage District No. 1. Taxable assessed value represents the appraised value of the property less exemptions allowed by law. The Livingston Parish Assessor periodically determines the appraised values.

Taxes are due on November 15, the levy date, and they become delinquent on the following January 1. The taxes are generally collected in December of the current year and January through March of the following year. During late April or May, of the year following the year the tax was levied, the Sheriff's office sends out delinquent notices to the property owners. Soon after the Sheriff has mailed the delinquent notices, he will publish them in the newspaper. After a second publication in the newspaper and at least 30 days from the date of the first publication, the property is advertised for auction. The auction usually takes place in June or July. Properties sold at auction have liens placed on them by their buyers. The Parish will put a lien on any properties not sold at the auction.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

As of January 1, 2018, the assessed value of the property located within Gravity Drainage District No. 1 of Livingston Parish, Louisiana, was \$167,950,083. For 2018, the District elected to assess 4.43 mills to finance the maintenance, improvement, and construction of drainage structures.

Total taxes assessed and taxes receivable at December 31, 2018, are as follows:

	General Operations <u>4.43 Mills</u>
<u>Revenues:</u>	
2018 Ad Valorem Tax Assessed	\$ 744,019
Less: 2018 Estimated Uncollectible	(20,832)
Prior Year Collections in Excess of Net Receivable	<u>5,075</u>
	<u>\$ 728,262</u>
<u>Receivable:</u>	
2018 Property Tax Assessed	\$ 744,019
Less: Current Year Taxes Collected in 2018	<u>-</u>
Taxes Receivable - Current Year	744,019
Prior Years Net Tax Receivables at December 31, 2017	602,565
Less: Prior Years Tax Collected in 2018	(607,640)
Prior Year Collections in Excess of Net Receivable	<u>5,075</u>
Tax Receivable - Prior Years	<u>-</u>
Total Property Taxes Receivable at December 31, 2018	744,019
Less: Allowance for Uncollectible Accounts	<u>(20,832)</u>
Net Property Tax Receivable at December 31, 2018	<u>\$ 723,187</u>

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

(4) Changes in General Fixed Assets -

<u>Governmental Activities</u>	<u>Balance December 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2018</u>
Capital Assets not Being Depreciated:				
Land	\$ 157,288	\$ -	\$ -	\$ 157,288
Construction in Progress	<u>-</u>	<u>38,329</u>	<u>-</u>	<u>38,329</u>
Total Capital Assets Not being Depreciated	<u>157,288</u>	<u>38,329</u>	<u>-</u>	<u>195,617</u>
Capital Assets being Depreciated:				
Buildings	586,515	-	-	586,515
Improvements/Infrastructure	691,238	175,624	-	866,862
Vehicles	343,707	49,228	-	392,935
Equipment	1,753,513	61,034	-	1,814,547
Furniture and Fixtures	<u>8,687</u>	<u>-</u>	<u>-</u>	<u>8,687</u>
Total Capital Assets Being Depreciated	3,383,660	285,886	-	3,669,546
Less: Accumulated Depreciation for:				
Buildings	(210,168)	(18,829)	-	(228,997)
Improvements/Infrastructure	(222,929)	(31,208)	-	(254,137)
Vehicles	(291,988)	(21,939)	-	(313,927)
Equipment	(1,356,386)	(124,805)	-	(1,481,191)
Furniture and Fixtures	<u>(8,192)</u>	<u>(148)</u>	<u>-</u>	<u>(8,340)</u>
Total Accumulated Depreciation	<u>(2,089,663)</u>	<u>(196,929)</u>	<u>-</u>	<u>(2,286,592)</u>
Total Capital Assets Being Depreciated, Net	<u>1,293,997</u>	<u>88,957</u>	<u>-</u>	<u>1,382,954</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 1,451,285</u>	<u>\$ 127,286</u>	<u>\$ -</u>	<u>\$ 1,578,571</u>

Depreciation expense of \$196,929 was charged to the General Operations function in the Statement of Activities.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

(5) Commitments -

Following is a schedule that lists various projects and projects costs of each along with amounts spent to date:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Office Renovation	\$ 445,354	\$ 35,329	\$ 410,025
Amite Church Road Parking Lot	233,690	3,000	230,690
Gray's Creek - Remaining Gages	<u>18,000</u>	<u>-</u>	<u>18,000</u>
Total Incomplete Construction at December 31, 2018	<u>\$ 697,044</u>	<u>\$ 38,329</u>	<u>\$ 658,715</u>

(6) Long-Term Debt -

The Livingston Parish Gravity Drainage District #1 has no long-term debt transactions for the year ended December 31, 2018.

(7) Leases -

The District has no outstanding capital or operating leases at December 31, 2018.

(8) Litigation -

At December 31, 2018, there is no litigation pending against the District.

(9) Compensated Absences -

The District provides various forms of compensated leave benefits to its employees. An employee can earn sick leave and vacation leave based upon the number of hours worked each pay period and years of continuous employment. The employees of the District must use all of the compensated leave by year end. At this time, the District has no provision for leave carryover, and if leave is not used at year-end, it is lost. A leave accrual is not required in the District's financial statements because there is not a provision for carryover.

(10) Per Diem Paid Board Members -

Each member of the Board of Commissioners is eligible to receive a per diem allowance of \$100 for attending each regular or special meeting of the board. Per diems paid to the board members for 2018 were as follows:

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

<u>Commissioner</u>	<u>Number of Meetings</u>	<u>Amount Received</u>
David Provost	20	\$ 2,000
Bond Stevens	1	100
Chris Whitmire	23	2,300
Carl Juneau	20	2,000
Buford Elliot	22	2,200
Robert Borne	22	<u>2,200</u>
		<u>\$10,800</u>

(11) Schedule of Compensation, Benefits, and Other Payments to Chairman of the Board of Directors -

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by David Provost, Chairman of the Board of Directors, who was the acting agency head for the year ended December 31, 2018:

Per Diem	\$ 2,000
Benefit Insurance	-
Travel Reimbursements	-
Conferences	-
Meals	<u>-</u>
Total Compensation	<u>\$ 2,000</u>

(12) Pension Plan and Retirement Commitments -

On January 1, 1996, the District adopted the Putnam Prototype Simplified Employee Pension Plan (SEP) for its employees. Under this defined contribution plan, the District's Board of Commissioners establishes individual retirement accounts with Putnam Investments for each eligible employee to whom the District will make a contribution as determined on a year to year basis. Because contributions are made to individual retirement accounts, all contributions received by an employee are 100% vested. The employee may select between several investments options. The District does not guarantee the results of these investments. The District's Board of Commissioners voted to contribute 9.0% of eligible wages for 2018 which amounts to \$61,203.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

(13) Contingency -

On September 19, 2008, the District entered into a Cooperative Endeavor Agreement (CEA) with the Livingston Parish Council (LPC) in accordance with Article VII Section 14 and Article VI Section 20 of the Louisiana Constitution. The purpose of the CEA was for the District to use the services of the contractor hired by the LPC for debris cleanup caused by Hurricane Gustav and to foster greater economy and efficiency than the District hiring its own debris cleanup contractor. According to the CEA, the LPC's debris contractor would remove all debris located within the confines of the District in accordance with the "Debris Removal Agreement" between the LPC and the contractor, and only the debris or areas that the District authorized the contractor to cleanup. According to the terms of the CEA, the District agreed to pay all cost related to the debris removal within the boundaries of its District including any cost declared ineligible for reimbursement by the Federal Emergency Management Agency (FEMA).

The contractor performed debris cleanup services from September 19, 2008 through approximately May 13, 2009, which is the date the LPC's President stopped all debris removal services being performed by the contractor. The total cost of the debris removal services performed by all contractors is the subject of a dispute between the LPC, the debris contractors and FEMA. As of the date of this report, the District has not received detailed invoices to be able to determine the total liability that the District may owe under the terms of the CEA. Due to management not having the necessary invoice documentation to review and approve the debris removal costs associated with services performed within the boundaries of the District along with unresolved matters under dispute between the debris contractors, LPC and FEMA, management is not able to reasonably estimate a liability or estimate the receivable due from FEMA, if any, to record in these financial statements. Although no cost or invoice documentation has been provided to the District, management believes the liability owed and federal reimbursement receivable will likely be material to these financial statements.

(14) Sales Tax Abatement -

In prior years, the District entered into cooperative endeavor agreements with two economic development districts under provisions of the L.A.R.S. 33:9038 Sales Tax Increment Financing. Under the provisions of the law, entities may enter into the cooperative endeavor agreements to dedicate a portion or all of the sales tax collected within the economic development district area for the purpose of repaying revenue bonds issued to fund economic development projects within the districts.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

For the year ended December 31, 2018, the District abated sales taxes totaling \$672,465 under these two cooperative endeavor agreements.

- Denham Springs Economic Development District (DSEDD) – The District entered into a cooperative endeavor agreement with the DSEDD to dedicate 71.42857 percent of the District’s ½ cent sales tax collected within the DSEDD area for the purposes of repaying revenue bonds issued to fund DSEDD projects. Once the DSEDD revenue bonds are paid in full, the District will start receiving 100 percent of its ½ sales tax collected within the DSEDD area. The abated sales tax amounted to \$418,420 for the year ended December 31, 2018.

- Juban Crossing Economic Development District (JCEDD) – The District entered into a cooperative endeavor agreement with the JCEDD to dedicate 40.00 percent of the District’s ½ cent sales tax collected within the JCEDD area for the purposes of repaying revenue bonds issued to fund JCEDD projects. The District is not responsible for maintenance within the JCEDD area while the JCEDD revenue bonds are outstanding. Once the JCEDD revenue bonds are paid in full, the District will start receiving 100 percent of its ½ sales tax collected within the JCEDD area and then will be responsible for the maintenance within the JCEDD area. The abated sales tax amounted to \$254,045 for the year ended December 31, 2018.

(15) Current Accounting Pronouncements -

In November 2016, the Governmental Accounting Standards Board issued GASB Statement No 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

In March 2018, the Governmental Accounting Standards Board issued GASB Statement No 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

In June 2018, the Governmental Accounting Standards Board issued GASB Statement No 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus,

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In August 2018, the Governmental Accounting Standards Board issued GASB Statement No 90, Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Management is currently evaluating the effects of each of the new GASB pronouncements.

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT
OF THE COMPONENT UNIT FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE COMPONENT UNIT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Livingston Parish Gravity Drainage
District #1
Livingston Parish Council
Denham Springs, 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 Livingston Parish Gravity Drainage District #1, (the District) a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2018, 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 25, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 25, 2019

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2018

Current Year Findings:

Internal Control Over Financial Reporting

None

Compliance and Other Matters

None

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2018

Prior Year Findings:

Internal Control Over Financial Reporting

None

Compliance and Other Matters

None

LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

DECEMBER 31, 2018

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Independent Accountant's Report
on Applying Agreed-Upon Procedures

Board of Commissioners
Livingston Parish Gravity Drainage
District #1
Livingston Parish Council
Denham Springs, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Livingston Parish Gravity Drainage District #1, State of Louisiana, "the District," a component unit of the Livingston Parish Council, and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget. – **No Exceptions.**
 - 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. – **No Exceptions**

- c) *Disbursements*, including processing, reviewing, and approving. – **No Exceptions.**
- 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). – **No Exceptions.**
- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked. – **No Exceptions.**
- 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.

Exception – The District does have written policies and procedures for contracting; however, they do not specifically address items: (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process. Note: All expenses are required to go through the approval process for disbursements and checks require two signatures.

- 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).

Exception – The District does have written policies and procedures for contracting; however, they do not specifically address items: (1) how cards are to be controlled, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases). Note: All expenses are required to go through the approval process for disbursements and checks require two signatures.

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

Exception – The District does have written policies and procedures for travel and expense reimbursement; however, they do not specifically address items: (2) dollar thresholds by category of expense and (3) documentation requirements. Note: All expenses are required to go through the approval process for disbursements and checks require two signatures.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity’s ethics policy.

Exception – The District does have written policies and procedures related to ethics; however, they do not specifically address items: (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity’s ethics policy. Note: They do require employees to take the annual ethics training.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. – **No Exceptions.**

Bank Reconciliations

2. 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 selected each 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, electronically logged); - **No Exceptions.**
 - 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 - **No Exceptions.**
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable. - **No Exceptions.**

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchasescard/fuel card/P-Card purchases or payments)

3. 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). - **No Exceptions.**
4. For each location selected under #3 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.**
 - b) At least two employees are involved in processing and approving payments to vendors. - **No Exceptions.**
 - 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. - **No Exceptions.**
 - 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. - **No Exceptions.**
5. For each location selected under #3 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 that the disbursement matched the related original invoice/billing statement. - **No Exceptions.**
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #4, as applicable. - **No Exceptions.**

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

- 6. 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 numbers and the names of the persons who maintained possession of the cards. Obtain management’s representation that the listing is complete. - **No Exceptions.**
- 7. 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 that 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

Exception – One of the four cards selected did not include evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than he authorized card holder. However, the disbursement check was signed by two check signers indicating approval.
 - b) Observe that finance charges and late fees were not assessed on the selected statements. - **No Exceptions.**
- 8. Using the monthly statements or combined statements selected under #7 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 that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). - **No Exceptions.**

Travel and Expense-Related Reimbursements (excluding card transactions)

- 9. 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: **The District did not incur any travel expenses during 2018.**

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov). – **Not applicable.**
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased. – **Not applicable.**
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h). – **Not applicable.**
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. – **Not applicable.**

Contracts

10. 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:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Exception – The District did not have formal/written contracts on file for 3 of the 5 vendors reviewed. Verbal contracts have been in effect for several years (i.e. month to month agreements).

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter). - **No exceptions for the 2 vendors selected the District had an agreement/contract with during the fiscal period.**
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment. - **No exceptions for the 2 vendors selected the District had an agreement/contract with during the fiscal period.**
- 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 that the invoice and related payment agreed to the terms and conditions of the contract. - **No exceptions for the 2 vendors selected the District had an agreement/contract with during the fiscal period.**

Payroll and Personnel

- 11. Obtain a listing of employees/elected officials employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 12. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #11 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.) - **No Exceptions.**
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials. - **No Exceptions.**
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records. - **No Exceptions.**
13. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files. - **No Exceptions.**
14. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines. - **No Exceptions.**

Ethics

15. Using the 5 randomly selected employees/officials from procedure #11 under "Payroll and Personnel" above obtain ethics documentation from management, and
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period. - **No Exceptions.**
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Exception – The District was unable to provide documentation demonstrating each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

16. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued. **The District did not issue any debt during the fiscal period.**
17. 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. **The District had no outstanding debt during the fiscal period.**

Management's Response/Corrective Action to Exceptions

The District's responses to the exceptions identified in our performance of the SAUPs are attached. The District's responses were not subjected to any procedures applied in the SAUPs and, accordingly, we express no opinion or any assurance on them.

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 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.

The purpose of this report is 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.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 25, 2019

LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT 1

June 26, 2019

Livingston Parish Gravity Drainage District 1
RESPONSE to 2018 Financial Audit AUP Findings; 2018
(4 Categories, 7 areas)

The District hereby agrees to refine current procedures or implement written procedures regarding the below noted AUP findings.

1. Written Policies & Procedures:

F) Contracting, G) Credit Cards, H) Travel Expenses Reimbursement, I) Ethics

The District is in the process of refining and implementing the current Procedures and Policy Manual.

7. Credit Cards:

A) The credit card policy was implemented after this transaction occurred. The current policy is to include a P.O. with each credit card purchase.

10. Contracts:

A) The District is in the process of refining its contracting policy and on obtaining formal written contracts when necessary.

Pg. 1 of 2



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LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT 1

Con't:

15. Ethics:

B) The District is in the process of implementing new procedures for Ethics to include each elected official and District employee to sign stating they have read and understood the Districts Ethics Policy.



David Provost, Livingston Parish Gravity Drainage District 1



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