

LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE

REPORT ON AUDIT OF COMPONENT
UNIT FINANCIAL STATEMENTS

DECEMBER 31, 2020

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2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Livingston Parish Gravity Drainage
District Five
Livingston Parish Council
Walker, 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 Five, “the District,” a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2020, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund (the General Fund) of the Livingston Parish Gravity Drainage District Five as of December 31, 2020, 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 Five's December 31, 2019 financial statements, and we expressed a modified opinion on those audited financial statements in our report dated June 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 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 28, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 28, 2021

Livingston Parish Gravity Drainage
District Five
Walker, Louisiana
Management's Discussion and Analysis
December 31, 2020

Introduction

The Livingston Parish Gravity Drainage District Five (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments (GASB 34), as amended, and related standards.

The District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the District's financial statements in this report.

Financial Highlights

At December 31, 2020, the District's assets exceeded its liabilities by \$4,569,912 (net position). Of this amount, \$3,120,502 (unrestricted net position) may be used to meet the District's ongoing obligations to its citizens.

For the year ended December 31, 2020, the District's total net position increased by \$355,648.

At December 31, 2020, the District's general fund reported an ending fund balance of \$3,126,347, an increase of \$226,468 for the year.

At December 31, 2020, the District had cash and cash equivalents of \$1,713,122 and investments including cash in the Louisiana Asset Management Pool of \$963,756 which represents a net increase in cash and investments of \$115,611 from the prior year.

For the year ended December 31, 2020, the District had capital asset additions of \$327,979 and disposals of \$37,698 on the government-wide financials and depreciation expense of \$199,608.

Overview of the Annual Financial Report

The financial statement focus is on both the District as a whole and on the major individual fund. Both perspectives, government-wide and the major fund, allow the user to address relevant questions, broaden a basis for comparison, and enhance the District's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the District's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The Statement of Net position presents information on the District's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of 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, focusing on both the gross and net costs of various activities that are supported by the District's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services.

The District's activities are presented as Governmental activities.

- Governmental activities - The District's basic services are reported here. These activities are financed primarily by sales taxes.

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 finance-related and legal requirements. The District uses a governmental fund to account for financial transactions. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the District's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for governmental funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the District's more immediate decisions on the current use of financial resources. 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.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the District's net position for the current year as compared to the prior year.

Net Position As of December 31, 2020 and 2019

| | Governmental Activities | |
|----------------------------------|-------------------------|---------------------|
| | 2020 | 2019 |
| Assets: | | |
| Current and Other Assets | \$ 3,138,781 | \$ 2,930,641 |
| Capital Assets | 1,449,410 | 1,321,039 |
| Total Assets | <u>4,588,191</u> | <u>4,251,680</u> |
| Liabilities: | | |
| Other Liabilities | 12,434 | 30,762 |
| Compensated Absences Payable | 5,845 | 6,654 |
| Total Liabilities | <u>18,279</u> | <u>37,416</u> |
| Net Position: | | |
| Net Investment in Capital Assets | 1,449,410 | 1,321,039 |
| Unrestricted | <u>3,120,502</u> | <u>2,893,225</u> |
| Total Net Position | <u>\$ 4,569,912</u> | <u>\$ 4,214,264</u> |

Approximately 32 percent of the District's net position reflects its net investment in capital assets net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the District's investment in its capital assets is reported net of related debt, if any, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities. There was no long-term debt on capital assets at December 31, 2020.

Approximately 68 percent of the District's net position is unrestricted and may be used to meet the District's ongoing obligations to its citizens.

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position, both for the District as a whole, as well as for separate governmental activities. The same held true for the prior fiscal year.

The District's activities increased its total net position by \$355,648. In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the District's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities in this report.

For the years ended December 31, 2020 and 2019

| | Governmental Activities | |
|-------------------------------|--------------------------------|--------------|
| | 2020 | 2019 |
| Revenues: | | |
| General Revenues: | | |
| Sales Taxes | \$ 2,228,163 | \$ 1,842,333 |
| Interest Income | 7,026 | 20,727 |
| Miscellaneous Income | 35,774 | 78,525 |
| Gain (Loss) on Sale of Assets | 9,000 | 41,350 |
| Total Revenues | 2,279,963 | 1,982,935 |
| Expenses: | | |
| Public Works | 1,924,315 | 1,869,685 |
| Total Expenses | 1,924,315 | 1,869,685 |
| Change in Net Position | 355,648 | 113,250 |
| Net Position, Beginning | 4,214,264 | 4,101,014 |
| Net Position, Ending | \$ 4,569,912 | \$ 4,214,264 |

Governmental Activities

Revenues for governmental activities increased by \$297,028 or fifteen percent, due primarily to increases in sales tax revenue of \$385,830, or 21 percent. Sales tax revenues represent 98 percent of the District's total revenues.

On October 28, 2013, the District passed a resolution requesting an election to be held on April 5, 2014. The purpose of the election was to renew the one half of one percent sales tax for a period of ten years for acquiring drainage works, equipment and facilities necessary to construct, maintain, and operate outlets for the water of the District, and prevent flooding. The sales tax was renewed and will expire in 2025.

Expenses increased by approximately 2.9 percent or \$54,630, with the greatest increase consisting of health insurance at \$79,334 and depreciation expense at \$17,487. Maintenance and repairs expenses decreased by \$47,388.

This follows a 10 percent increase in total expense in 2019 and a 3 percent increase in 2018.

Fund Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

The general fund is the only fund of the District. At the end of the current year, the total fund balance for the general fund was \$3,126,347 as compared to the previous fiscal year of \$2,899,879, an increase of \$226,468. Of the ending governmental fund balance, \$50,025 was considered nonspendable for prepaid insurance, \$451,461 for committed capital outlay, and \$2,624,861 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represented 150 percent of total general fund expenditures, while total fund balance represented 152 percent of total governmental fund expenditures.

General Fund Budgetary Highlights

There were no funds that had actual revenues and other sources under budgeted revenues and other sources or actual expenditures and other uses over budgeted amounts resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended December 31, 2020.

Original budgeted revenues increased \$332,662 mostly due to increases to the sales tax revenues. Actual revenues were over the final budget by \$246,651 mostly due to increases in sales tax revenues.

Original budgeted expenditures were increased \$224,000 with the largest increase in capital outlays. Actual budgeted expenditures were \$702,305 less than the final amended budget with decreases in repairs and maintenance and capital outlays.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets as of December 31, 2020 amounts to \$1,449,410 (net of depreciation). The total increase in the District's investment in capital assets for the current fiscal year was \$128,371 (net of depreciation).

The following table provides a summary of the District's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 5 of the financial statements.

**Capital Assets (Net of Depreciation)
As of December 31, 2020 and 2019**

| | Governmental Activities | |
|--------------------------------|--------------------------------|--------------|
| | 2020 | 2019 |
| Capital Assets | | |
| Land and Right of Way | \$ 73,878 | \$ 73,878 |
| Buildings and Improvements | 316,263 | 310,772 |
| Machinery and Equipment | 2,152,834 | 1,888,509 |
| Furniture and Fixtures | 22,675 | 22,675 |
| Infrastructure | 285,042 | 226,879 |
| Vehicles | 446,344 | 484,042 |
| | 3,297,036 | 3,006,755 |
| Subtotal Capital Assets | | |
| Less: Accumulated Depreciation | (1,847,626) | (1,685,716) |
| Capital Assets, Net | \$ 1,449,410 | \$ 1,321,039 |

Capital asset additions included \$204,868 for a grapple truck, \$58,163 for the Cameron Lane Rail Car Bridge, \$53,705 for a tractor, \$5,491 for a new air conditioner unit for the shop building, \$3,417 for a bush hog, \$1,401 for a laptop, and \$934 for a ditch cleaning bucket.

Capital asset disposals included a tractor with a cost of \$37,698 that was fully depreciated.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, creditors and investors with a general overview of the District's finances and show the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Livingston Parish Gravity Drainage District Five, 32030 Avants Road, Post Office Box 328, Walker, LA 70785.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

STATEMENT OF NET POSITION

DECEMBER 31, 2020
(With Comparative Totals as of December 31, 2019)

| | Governmental Activities | |
|------------------------------------|-------------------------|--------------|
| | 2020 | 2019 |
| ASSETS | | |
| Cash and Cash Equivalents | \$ 1,713,122 | \$ 1,603,720 |
| Investments | 963,756 | 957,547 |
| Receivables: | | |
| Intergovernmental | 401,999 | 319,444 |
| Other | 9,000 | - |
| Prepaid Expenses | 50,025 | 49,051 |
| Other Assets | 879 | 879 |
| Capital Assets: | | |
| Non-depreciable | 73,878 | 73,878 |
| Depreciable, Net | 1,375,532 | 1,247,161 |
| Total Assets | \$ 4,588,191 | \$ 4,251,680 |
| LIABILITIES | | |
| Accounts Payable | \$ 3,723 | \$ 10,173 |
| Other Accrued Liabilities | 8,711 | 20,589 |
| Compensated Absences Payable | 5,845 | 6,654 |
| Total Liabilities | 18,279 | 37,416 |
| NET POSITION | | |
| Net Investment in Capital Assets | 1,449,410 | 1,321,039 |
| Unrestricted | 3,120,502 | 2,893,225 |
| Total Net Position | 4,569,912 | 4,214,264 |
| Total Liabilities and Net Position | \$ 4,588,191 | \$ 4,251,680 |

The accompanying notes constitute an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

| | Governmental Activities | |
|---|-------------------------|--------------|
| | 2020 | 2019 |
| Expenses: | | |
| Public Works | \$ 1,724,707 | \$ 1,687,564 |
| Depreciation | 199,608 | 182,121 |
| Total Expenses | 1,924,315 | 1,869,685 |
| General Revenues: | | |
| Taxes - Sales | 2,228,163 | 1,842,333 |
| Interest Income | 7,026 | 20,727 |
| Miscellaneous Income | 35,774 | 78,525 |
| Gain on Sale of Assets | 9,000 | 41,350 |
| Total General Revenues | 2,279,963 | 1,982,935 |
| Change in Net Position | 355,648 | 113,250 |
| Net Position - Beginning of Year | 4,214,264 | 4,101,014 |
| Net Position - End of Year | \$ 4,569,912 | \$ 4,214,264 |

The accompanying notes constitute an integral part of this statement.

FUND FINANCIAL STATEMENTS

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

BALANCE SHEET - GENERAL FUND

DECEMBER 31, 2020
(With Comparative Totals as of December 31, 2019)

| ASSETS | 2020 | 2019 |
|--|--------------|--------------|
| Cash and Cash Equivalents | \$ 1,713,122 | \$ 1,603,720 |
| Investments | 963,756 | 957,547 |
| Sales Tax Receivable, Net of Collection Fees | 401,999 | 319,444 |
| Other Receivables | 9,000 | - |
| Prepaid Insurance | 50,025 | 49,051 |
| Other Assets | 879 | 879 |
| Total Assets | \$ 3,138,781 | \$ 2,930,641 |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts Payable | \$ 3,723 | \$ 10,173 |
| Accrued Salaries | 4,361 | 14,336 |
| Other Liabilities | 4,350 | 6,253 |
| Total Liabilities | 12,434 | 30,762 |
| Fund Equity: | | |
| Nonspendable: | | |
| Prepaid Expenses | 50,025 | 49,051 |
| Committed: | | |
| Capital Outlay | 451,461 | 204,868 |
| Unassigned | 2,624,861 | 2,645,960 |
| Total Fund Balances | 3,126,347 | 2,899,879 |
| Total Liabilities and Fund Balances | \$ 3,138,781 | \$ 2,930,641 |

The accompanying notes constitute an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

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

DECEMBER 31, 2020
(With Comparative Totals as of December 31, 2019)

| | 2020 | 2019 |
|--|--------------|--------------|
| Fund Balance - Total Governmental Fund | \$ 3,126,347 | \$ 2,899,879 |
| Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund | | |
| Governmental Capital Assets | 3,297,036 | 3,006,755 |
| Less: Accumulated Depreciation | (1,847,626) | (1,685,716) |
| | 1,449,410 | 1,321,039 |
| Long term liabilities are not due and payable in the current period and therefore not reported in the governmental fund: | | |
| Compensated Absences | (5,845) | (6,654) |
| Net Position of Governmental Activities | \$ 4,569,912 | \$ 4,214,264 |

The accompanying notes constitute an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

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

FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

| | 2020 | 2019 |
|--|--------------|--------------|
| Revenues: | | |
| Sales Tax Collected | \$ 2,228,163 | \$ 1,842,333 |
| Interest | 7,026 | 20,727 |
| Miscellaneous Income | 35,774 | 78,525 |
| Total Revenues | 2,270,963 | 1,941,585 |
| Expenditures: | | |
| Public Works: | | |
| Salaries | 816,480 | 810,814 |
| Benefits | 428,354 | 349,748 |
| Payroll Taxes | 66,772 | 65,176 |
| Per Diem - Board Members | 15,700 | 13,200 |
| Sales Tax Collection Fees | 39,799 | 33,659 |
| Insurance | 126,216 | 121,699 |
| Other Operating Expenses | 30,081 | 25,652 |
| Professional Fees | 52,414 | 63,268 |
| Equipment Rental | 1,208 | - |
| Repairs and Maintenance | 59,519 | 106,907 |
| Supplies | 29,792 | 33,453 |
| Utilities | 25,598 | 23,096 |
| Vehicle | 33,583 | 40,949 |
| | 1,725,516 | 1,687,621 |
| Capital Outlay | 327,979 | 178,830 |
| Total Expenditures | 2,053,495 | 1,866,451 |
| Excess (Deficiency) of Revenues Over Expenditures | 217,468 | 75,134 |
| Other Financing Source: | | |
| Proceeds from Sale of Capital Asset | 9,000 | 41,350 |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures | 226,468 | 116,484 |
| Fund Balance at Beginning of Year | 2,899,879 | 2,783,395 |
| Fund Balance at End of Year | \$ 3,126,347 | \$ 2,899,879 |

The accompanying notes constitute an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

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

FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

| | 2020 | 2019 |
|---|-------------------|-------------------|
| Net Change in Fund Balance - Total Governmental Fund | \$ 226,468 | \$ 116,484 |
| <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 | 327,979 | 178,830 |
| Depreciation Expense | (199,608) | (182,121) |
| | 128,371 | (3,291) |
| Add accumulated depreciation on capital assets retired during the year | 37,698 | 101,597 |
| Less cost basis of capital assets retired during the year | (37,698) | (101,597) |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p> | | |
| (Increase) Decrease in Compensated Absences Payables | 809 | 57 |
| Change in Net Position of Governmental Activities | \$ 355,648 | \$ 113,250 |

The accompanying notes constitute an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

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

FOR THE YEAR ENDED DECEMBER 31, 2020

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|-----------------|--------------|----------------------------------|
| Revenues: | | | | |
| Sales Tax Collected | \$ 1,700,000 | \$ 1,996,863 | \$ 2,228,163 | \$ 231,300 |
| Interest | 650 | 675 | 7,026 | 6,351 |
| Miscellaneous Income | - | 35,774 | 35,774 | - |
| Total Revenues | 1,700,650 | 2,033,312 | 2,270,963 | 237,651 |
| Expenditures: | | | | |
| Public Works: | | | | |
| Salaries | 935,000 | 850,000 | 816,480 | 33,520 |
| Benefits | 396,000 | 450,000 | 428,354 | 21,646 |
| Payroll Taxes | 100,000 | 100,000 | 66,772 | 33,228 |
| Per Diem - Board Members | 16,800 | 16,800 | 15,700 | 1,100 |
| Sales Tax Collection Fees | 50,000 | 50,000 | 39,799 | 10,201 |
| Insurance | 150,000 | 150,000 | 126,216 | 23,784 |
| Other Operating Expenses | 34,500 | 34,500 | 30,081 | 4,419 |
| Professional Fees | 90,000 | 90,000 | 52,414 | 37,586 |
| Equipment Rental | - | - | 1,208 | (1,208) |
| Repairs and Maintenance | 120,000 | 100,000 | 59,519 | 40,481 |
| Supplies | 34,500 | 34,500 | 29,792 | 4,708 |
| Utilities | 25,000 | 30,000 | 25,598 | 4,402 |
| Vehicle | 80,000 | 50,000 | 33,583 | 16,417 |
| | 2,031,800 | 1,955,800 | 1,725,516 | 230,284 |
| Capital Outlay | 500,000 | 800,000 | 327,979 | 472,021 |
| Total Expenditures | 2,531,800 | 2,755,800 | 2,053,495 | 702,305 |
| Excess (Deficiency) of Revenues Over Expenditures | (831,150) | (722,488) | 217,468 | 939,956 |
| Other Financing Source: | | | | |
| Proceeds from Sale of Capital Asset | - | - | 9,000 | 9,000 |
| Net Change in Fund Balance | (831,150) | (722,488) | 226,468 | 948,956 |
| Fund Balance at Beginning of Year | 2,899,879 | 2,899,879 | 2,899,879 | - |
| Fund Balance at End of Year | \$ 2,068,729 | \$ 2,177,391 | \$ 3,126,347 | \$ 948,956 |

The accompanying notes constitute an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

(1) Summary of Significant Accounting Policies and Nature of Operations -

Livingston Parish Gravity Drainage District Five “the District” is a corporate body created by the Livingston Parish Council, as provided by Louisiana Revised Statutes R.S. 38:1751, et. seq. The District is governed by a board of seven commissioners. The board members are compensated for meeting attendance at a rate of \$100 per meeting. The District is located in Walker, Louisiana.

On April 5, 2014, an election was held whereby the voters of Livingston Parish Gravity Drainage District Five approved the renewal of the one half of one percent sales tax for a period of ten years for “acquiring drainage works, equipment and facilities necessary to construct, maintain, and operate outlets for the water of the District, and prevent flooding.”

The District’s taxes are collected by the Livingston Parish School Board and are remitted to the District monthly. The District pays the School board a fee for this service.

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. 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 accordance 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 funds 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 FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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, operating grants, or 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 FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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, 2020, 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 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.

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 sixty day 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 FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

D. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

E. Receivables and Revenues

Sales and use taxes receivable are reported net of collection cost charged by the Livingston Parish School Board for collecting the tax on behalf of the District. Sales tax revenue and receivable are recorded in the month collected by the vendor.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, equipment, and vehicles, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The district maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

| | |
|----------------------------|----------------|
| Buildings and Improvements | 10 to 40 years |
| Machinery and Equipment | 5 to 12 years |
| Furniture and Fixtures | 5 years |
| Infrastructure | 20 years |
| Vehicles | 5 to 10 years |

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

H. Budgetary Practices

The District utilizes the following budgetary practices:

1. The District Clerk prepares a proposed budget and submits same to the Chairman and Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. A budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

For the fiscal year ended December 31, 2020, actual revenues were above final budgeted appropriation and actual expenditures were below final budgeted appropriations in variances within the 5% statutory guidelines, and there were no violations of the Louisiana Local Budget Act.

I. 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

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the related control responses, and such differences may be material.

J. Covid-19 Pandemic

The COVID-19 outbreak in the United States and globally has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. Therefore, uncertainty remains regarding the ongoing impact of the COVID-19 outbreak upon the District's financial condition and future results of operations, as well as upon the significant estimates and assumptions that may be utilized in reporting certain assets and liabilities.

K. 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 Commission'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, 2020, the District had no outstanding encumbrances.

L. Accumulated Unpaid Vacation and Sick Pay

The District has the following policy related to vacation and sick leave:

Vacation is earned from the first day of employment but cannot be taken until after the first year of employment. Full time employees with one to seven years of continuous employment receive ten working days of paid vacation each year. Employees with eight to seventeen years of continuous employment receive fifteen working days of paid vacation each year. Employees with eighteen or more years of continuous service receive twenty working days of paid vacation each year. Employees may carry over one week of accrued vacation time to the following year. However, any vacation will be forfeited if not taken by June 30th of the following year. If termination occurs after six months of continuous service, the terminated employee shall receive payment for the unused vacation earned. As of December 31, 2020, the accrued liability for unpaid vacation benefits amounted to \$5,845.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

Full time employees with one to three years of continuous service may earn ten days of sick leave per year. Employees with three to ten years of service earn fifteen days of sick leave per year. Employees with ten or more years of service earn twenty days of sick leave per year. Unused sick leave can be accumulated to a maximum of 320 hours. Unused sick leave cannot be paid out to employees upon termination.

In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

M. Net Position

Net position represents the difference between assets and liabilities. The net investment in capital assets component of net position consists of capital asset costs, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

N. Summary Financial Information for 2019

The financial statements include certain prior year summarized comparative 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, 2019, from which the summarized information was derived.

O. Fund Equity

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

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.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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.

(2) Cash and Cash Equivalents -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with original maturity dates of 90 days or less. 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.

Cash and cash equivalents and investments are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash and cash equivalents and investments at December 31, 2020:

| | Book Balance | Bank Balance |
|---------------------------|-----------------|-----------------|
| Petty Cash | \$ 469 | \$ - |
| Deposits in Bank Accounts | 1,712,653 | 1,713,670 |
| | \$ 1,713,122 | \$ 1,713,670 |

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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 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, 2020, none of the District's bank balance of \$1,713,670 was exposed to custodial credit risk.

(3) Investments -

Investments at December 31, 2020, consist of \$963,756 in the Louisiana Asset Management Pool (LAMP), a local government external investment pool. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- **Credit risk:** LAMP is rated AAAM by Standards and Poor's.
- **Custodial credit risk:** In the case of LAMP participants, investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- **Concentration of credit risk:** Pooled investments are excluded from the five percent disclosure requirement.
- **Interest rate risk:** LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 47 days as of December 31, 2020. The District does not have a formal investment policy that limits investments' maturities as a means of managing its exposure to fair value arising from increasing interest rates.

- **Foreign currency risk:** Not applicable.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by writing to LAMP, Inc., 650 Poydras Street, Suite 2220, New Orleans, Louisiana 70130, or by calling (800) 249-5267.

(4) Receivables -

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. The major receivable balance for the governmental activities is from sales tax.

In the fund financial statements, the material receivable in governmental funds also includes a revenue accrual for sales tax, since it is both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days, since they would be considered both measurable and available. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

The Governmental Fund receivables at December 31, 2020 consist of the following:

| | |
|---------------------------|-------------------------|
| | <u>General Fund</u> |
| Governmental Receivables: | |
| Sales Tax Receivable | \$ 401,999 |
| Other | <u>9,000</u> |
| | <u>\$ 410,999</u> |

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

(5) Changes in Capital Assets -

Capital asset activity for the year ended December 31, 2020 is as follows:

| | <u>2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>2020</u> |
|---|---------------------|-------------------|------------------|---------------------|
| Capital Assets not being Depreciated | | | | |
| Land and Right of Way | \$ 73,878 | \$ - | \$ - | \$ 73,878 |
| Total Capital Assets not being Depreciated | <u>73,878</u> | <u>-</u> | <u>-</u> | <u>73,878</u> |
| Capital Assets being Depreciated | | | | |
| Building & Improvements | 310,772 | 5,491 | - | 316,263 |
| Equipment | 1,888,509 | 264,325 | - | 2,152,834 |
| Furniture & Fixtures | 22,675 | - | - | 22,675 |
| Infrastructure | 226,879 | 58,163 | - | 285,042 |
| Vehicles | 484,042 | - | (37,698) | 446,344 |
| Total Capital Assets being Depreciated | <u>2,932,877</u> | <u>327,979</u> | <u>(37,698)</u> | <u>3,223,158</u> |
| Total Asset Cost | <u>3,006,755</u> | <u>327,979</u> | <u>(37,698)</u> | <u>3,297,036</u> |
| Less: Accumulated Depreciation for: | | | | |
| Building & Improvements | 133,562 | 8,418 | - | 141,980 |
| Equipment | 1,194,151 | 139,064 | - | 1,333,215 |
| Furniture & Fixtures | 22,675 | - | - | 22,675 |
| Infrastructure | 36,395 | 12,192 | - | 48,587 |
| Vehicles | 298,933 | 39,934 | (37,698) | 301,169 |
| Total Accumulated Depreciation | <u>1,685,716</u> | <u>199,608</u> | <u>(37,698)</u> | <u>1,847,626</u> |
| Total Capital Assets being Depreciated, Net | <u>1,247,161</u> | <u>128,371</u> | <u>-</u> | <u>1,375,532</u> |
| Total Governmental Activities Capital Assets, Net | <u>\$ 1,321,039</u> | <u>\$ 128,371</u> | <u>\$ -</u> | <u>\$ 1,449,410</u> |

Depreciation expense for the year ended December 31, 2020 is \$199,608, as reported in the Statement of Activities.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

(6) Long-Term Debt -

The Livingston Parish Gravity Drainage District Five has no long-term debt transactions for the year ended December 31, 2020.

(7) Leases -

The District has no outstanding capital or operating leases at December 31, 2020.

(8) Compensated Absences, Pension Plan, and Other Postemployment Benefits -

At December 31, 2020, the employees of the District have accumulated and vested \$5,845 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The District has no plan or provision for other post-employment benefits.

Effective January 1, 2009, the District changed to a new IRC 403 (b) plan administered by Expert Plan in order to comply with a law change requiring written plan documents for 2009. Under the new plan, as with the old plan, there is no written guaranteed employer contribution. However, it is the District's current intention to continue similar timing for discretionary plan contributions based on a percentage of employee contributions determined by the Board. Retirement expense at December 31, 2020 was \$17,055.

(9) Per Diem Paid Board Members -

All of the Board of Commissioners receive a per diem of \$100 per meeting for attending each regular or special meeting of the board. All Board Members serve five year terms. Per diems paid to the board members for 2020 were as follows:

| | |
|--|-----------------|
| Richard Harris, Chairman (January 1, 2020 – April 12, 2020) | \$ 2,400 |
| Stephen Howze, Chairman (April 13, 2020 – December 31, 2020) | 2,400 |
| Chance Ballard, Vice Chairman | 2,000 |
| Michael McNaughton | 2,000 |
| Jimmy Dunlap | 2,400 |
| Toni Dugas | 2,200 |
| William Yawn | <u>2,300</u> |
| | <u>\$15,700</u> |

(10) Contingencies - Litigation -

The District is involved in lawsuits and claims in the ordinary course of their operations. It is management's opinion that outstanding claims would not have a material effect on the District's operations.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

(11) Commitments -

On September 14, 2020, the District approved the low bid of \$134,511 for an excavator to be placed on a pontoon. The cost of the pontoon and placing the excavator on the pontoon is \$316,950 which was also awarded to a vendor on September 14, 2020. Contracts were in place prior to December 31, 2020 for a total of \$451,461. The excavator has been ordered and delivered in March 2021 to the vendor for conversion. The pontoon conversion is expected to be completed by the fall of 2021.

(12) Schedule of Compensation, Benefits and Other Payments to Agency Head -

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by Board Chairman and acting agency head for the year ended December 31, 2020:

| <u>Agency Head: Board Chairman</u> | <u>Richard Harris</u> | <u>Stephen Howze</u> |
|--|-------------------------------------|---------------------------------------|
| <u>Purpose</u> | January 1, 2020 - April 12, 2020 | April 13, 2020 - December 31, 2020 |
| Salary | \$ - | \$ - |
| Benefits - Insurance | - | 11,955 |
| Benefits - Retirement | - | - |
| Employer Paid Medicare & Social Security | 46 | 138 |
| Per Diem | 600 | 1,800 |
| Travel | - | - |
| | <u>\$ 646</u> | <u>\$ 13,893</u> |

(13) Current Accounting Pronouncements -

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 FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. 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 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, 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, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

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

(14) Subsequent Events -

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 28, 2021, the date which the financial statements were available to be issued.

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*

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

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 Five
Livingston Parish Council
Walker, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Livingston Parish Gravity Drainage District Five, (the District) a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated June 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other 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 28, 2021

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2020

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

| | | | |
|--|-----------|---------|----------|
| • Material weaknesses identified? | _____ Yes | _____ x | _____ No |
| • Significant deficiencies identified? | _____ Yes | _____ x | _____ No |

| | | | |
|---|-----------|---------|----------|
| Noncompliance material to financial statements noted? | _____ Yes | _____ x | _____ No |
|---|-----------|---------|----------|

B. Internal Control Over Financial Reporting

None

C. Compliance and Other Matters

None

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2020

A. Internal Control Over Financial Reporting

None

B. Compliance and Other Matters

None