

**GRAVITY DRAINAGE DISTRICT NO. 4  
OF TANGIPAHOA PARISH**

(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

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**ANNUAL FINANCIAL REPORT**

As of and for the Year Ended

December 31, 2018

GRAVITY DRAINAGE DISTRICT NO. 4  
OF TANGIPAHOA PARISH

(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

ANNUAL FINANCIAL REPORT  
As of and for the Year Ended December 31, 2018

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### INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Commissioners  
Gravity Drainage District No. 4  
of Tangipahoa Parish  
Tangipahoa Parish Council  
Amite, Louisiana

I have reviewed the accompanying financial statements of the governmental activities of the Gravity Drainage District No. 4 of Tangipahoa Parish (Drainage District), a component unit of the Tangipahoa Parish Government, as of and for the year ended December 31, 2018, which collectively comprises the Drainage District's basic financial statements as listed in the table of contents and the related notes of the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Drainage District's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

#### **Management's Responsibility for the Financial Statements**

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

#### **Accountant's Responsibility**

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

#### **Accountant's Conclusion**

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the following supplementary information be presented to supplement the basic financial statements:

Budgetary Comparison Schedule  
Management's Discussion and Analysis

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

The accompanying Budgetary Comparison Schedule has been reviewed by me, and based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the information and, accordingly, do not express an opinion on such information.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The Management Discussion and Analysis, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content.

**Supplementary Information**

The accompanying schedule of compensation, benefits, and other payments to the agency head, political subdivision head, or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the supplementary information and, accordingly, do not express an opinion on such information.

June 24, 2019

  
Certified Public Accountant

## **BASIC FINANCIAL STATEMENTS**

GRAVITY DRAINAGE DISTRICT NO. 4  
 OF TANGIPAHOA PARISH  
 (A Component Unit of the Tangipahoa Parish Government)  
 Amite, Louisiana

STATEMENT OF NET POSITION  
 December 31, 2018

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash	\$ 173,707
Investments	100,000
Receivables, net of allowances of \$3,750	211,758
Capital assets, net	<u>2,023</u>
Total assets	<u>487,488</u>
 <u>Liabilities</u>	
Accounts payable	<u>18,382</u>
Total liabilities	<u>18,382</u>
 <u>Net Position</u>	
Net investments in capital assets	2,023
Restricted for constructing drainage works	180,832
Unrestricted	<u>286,251</u>
Total Net Position	<u>\$ 469,106</u>

See accompanying notes and independent accountant's review report.



GRAVITY DRAINAGE DISTRICT NO. 4  
OF TANGIPAHOA PARISH  
(A Component Unit of the Tangipahoa Parish Government)  
Amite, Louisiana

Balance Sheet - Governmental Funds  
December 31, 2018

	Governmental Funds		Total (Memorandum Only)
	General Fund	Capital Projects Fund	
<b>ASSETS</b>			
Cash	\$ 132,523	\$ 41,184	\$ 173,707
Investments	-	100,000	100,000
Receivables	173,521	41,987	215,508
Allowance for uncollectibles	(3,000)	(750)	(3,750)
<b>TOTAL ASSETS</b>	<b>\$ 303,044</b>	<b>\$ 182,421</b>	<b>\$ 485,465</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$ 10,439	\$ -	\$ 10,439
Deductions from ad valorem taxes payable	6,354	1,589	7,943
Total Liabilities	16,793	1,589	18,382
Fund balance:			
Restricted for constructing drainage works	-	180,832	180,832
Unassigned	286,251	-	286,251
Total Fund Balance	286,251	180,832	467,083
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 303,044</b>	<b>\$ 182,421</b>	<b>\$ 485,465</b>

See accompanying notes and independent accountant's review report.

GRAVITY DRAINAGE DISTRICT NO. 4  
OF TANGIPAHOA PARISH  
(A Component Unit of the Tangipahoa Parish Government)  
Amite, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
December 31, 2018

Fund balance - governmental funds	\$ 467,083
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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 funds.

These assets consists of:

Governmental capital assets, net of depreciation	<u>2,023</u>
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Net position of governmental activities	<u>\$ 469,106</u>
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See accompanying notes and independent accountant's review report.

GRAVITY DRAINAGE DISTRICT NO. 4  
OF TANGIPAHOA PARISH  
(A Component Unit of the Tangipahoa Parish Government)  
Amite, Louisiana

GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2018

	General Fund	Capital Projects Fund	Total (Memorandum Only)
<u>REVENUES</u>			
Ad valorem taxes	\$ 166,521	\$ 41,630	\$ 208,151
Intergovernmental:			
State revenue sharing	5,575	-	5,575
Interest earnings	108	1,371	1,479
Total Revenues	172,204	43,001	215,205
<u>EXPENDITURES</u>			
General government:			
Salaries and related benefits	10,198	-	10,198
Compensation paid board members	13,350	-	13,350
Professional fees	10,406	-	10,406
Official journal	1,556	-	1,556
Office expense	276	-	276
Statutory charges	6,354	1,589	7,943
Insurance	3,310	-	3,310
Public works - drainage	143,414	80,658	224,072
Total Expenditures	188,864	82,247	271,111
NET CHANGE IN FUND BALANCES	(16,660)	(39,246)	(55,906)
<u>FUND BALANCES</u>			
Fund balance - beginning of year	302,911	220,078	522,989
Fund balance - end of year	\$ 286,251	\$ 180,832	\$ 467,083

See accompanying notes and independent accountant's review report.

GRAVITY DRAINAGE DISTRICT NO. 4  
OF TANGIPAHOA PARISH  
(A Component Unit of the Tangipahoa Parish Government)  
Amite, Louisiana

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds \$(55,906)

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

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 and reported as depreciation expense. These differences consist of:

Donated capital assets	2,093
Depreciation expense	<u>(70)</u>

Change in net position of governmental activities \$(53,883)

See accompanying notes and independent accountant's review report.

## **NOTES TO THE FINANCIAL STATEMENTS**

GRAVITY DRAINAGE DISTRICT NO. 4  
OF TANGIPAHOA PARISH  
(A Component Unit of the Tangipahoa Parish Government)  
Amite, Louisiana

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2018

**INTRODUCTION**

Gravity Drainage District No. 4 of Tangipahoa Parish (Drainage District), Amite, Louisiana, was created September 16, 1947, under the authority of Louisiana Revised Statutes 38:1751-1802. It was established for the purpose of opening and maintaining all natural drains in the district where drainage is accomplished using the natural force of gravity. This may be accomplished by cutting and opening new drains, ditches, and canals. As provided by Louisiana Revised Statute 38:1758, the drainage district is governed by five commissioners. These five commissioners are jointly referred to as the board of commissioners and are appointed by the Tangipahoa Parish Government.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Basis of Presentation

The accompanying component unit financial statements of the Drainage District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

B. Reporting Entity

The Drainage District is a component unit of the Tangipahoa Parish Government, the financial reporting entity. The Tangipahoa Parish Government is financially accountable for the Drainage District because it appoints the Drainage District board members and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the Drainage District and do not present information on the Tangipahoa Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The Drainage District uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Gravity Drainage District No. 4  
of Tangipahoa Parish  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2018

Funds of the Drainage District are classified as governmental funds. Governmental funds account for the Drainage District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the Drainage District include:

1. General Fund

The General Fund is the general operating fund of the Drainage District. It accounts for all financial resources, except those required to be accounted for in other funds.

2. Capital Projects Fund

The Capital Projects Fund accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

D. Measurement Focus / Basis of Accounting

**Basic Financial Statements - Government-Wide Financial Statements**

The Drainage District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows, or Resources and Net Position*. GASB 63 provides guidance for reporting deferred outflows or resources, deferred inflows or resources, and net position in a statement of financial position and related disclosures. The reader will note a change in terminology from "net assets" to "net position".

The statement of net position and the statement of activities display information about the Drainage District as a whole. These statements include all the activities of the Drainage District with the interfund activities removed. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

**Basic Financial Statements - Governmental Funds**

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of the current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Drainage District's operations.

Gravity Drainage District No. 4  
of Tangipahoa Parish  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2018

The amounts reflected in the General fund use 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 the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Drainage District considers all revenues available if they are collected within 60 days after the fiscal year end, except ad valorem taxes and state revenue sharing, which are recognized in the period for which they are levied. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which are recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Revenues from ad valorem taxes and state revenue sharing are recognized in the period for which they are levied. Investment earnings are recognized when earned. Substantially all other revenues are recorded when received.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**Reconciliation**

Explanation of differences between the governmental fund balance sheet and the government-wide statement of net position is presented in the statement of the basic financial statements. Explanation of differences between the governmental fund statements of revenues, expenditures, and changes in fund balance and the government-wide statement of activities is presented in the statement of the basic financial statements.

E. Budget and Budgetary Accounting

The Drainage District uses the following budget practices:

1. The Drainage District prepares budgets on the modified accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Drainage District adopted a budget for the General Fund.
2. The Drainage District's administrator prepares the proposed budget and submits it to the board of commissioners no later than fifteen (15) days prior to the beginning of each fiscal year. The proposed budget for 2018 was presented to the board of commissioners on November 27, 2017.
3. The public is notified that the proposed budget is available for public inspection and a public hearing is called.
4. A public hearing is held on the proposed budget at least ten (10) days after publication of the call for the hearing. The public hearing on the proposed budget for 2018 was held on November 27, 2017.

Gravity Drainage District No. 4  
of Tangipahoa Parish  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2018

5. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted. The proposed budget for 2018 was adopted on November 27, 2017.
6. Budgetary amendments require the approval of the board of commissioners. The adopted budget for 2018 was not amended in 2018.
7. All budgetary appropriations lapse at year-end
8. Periodic budget comparisons are made as a part of interim reporting. Budgeted amounts included in the accompanying financial statements include the originally adopted budget amounts and subsequent amendments.

F. Deposits and Investments

The Drainage 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 Drainage District investment policy allow the Drainage District to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and the mutual funds consisting solely of government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated costs if historical costs are not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Drainage District maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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

The cost of cutting and opening of new drains, ditches, and canals is not capitalized.

H. Compensated Absences

The Drainage District has no full-time employees; therefore, the district has no pension plan or vacation and sick leave policies.

I. Restricted Net Position

For the government-wide statement of net position, net position are reported as restricted when constraints placed on net position use are either:

- externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- imposed by law through constitutional provisions or enabling legislation.

Gravity Drainage District No. 4  
of Tangipahoa Parish  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2018

When both restricted and unrestricted resources are available for use, it is the Drainage District's policy to use restricted resources first, then unrestricted resources as they are needed.

J. Fund Equity

Governmental fund equity is classified as fund balance. Beginning with the fiscal year ended December 31, 2012, the Drainage District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

The Drainage District did not have any non-spendable resources as of year-end.

- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

The Drainage District has a fund that is restricted by an authorized millage passed by taxpayers for capital projects/canal construction.

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by the Drainage District's Board of Commissioners. These amounts cannot be used for any other purpose unless the Drainage District's Board of Commissioners removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

The Drainage district did not have any committed resources as of year-end.

- **Assigned:** This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by the Drainage District who has the authority to assign amounts to be used for specific purposes.

The Drainage District did not have any assigned fund balance as of year-end.

- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Gravity Drainage District No. 4  
of Tangipahoa Parish  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2018

A. Restricted Net Position

For the government-wide statement of net position, equity is classified and displayed in three components:

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

When both restricted and unrestricted resources are available for use, it is the Drainage District's policy to use restricted resources first, then unrestricted resources as they are needed.

When fund balance resources are available for a specific purpose in multiple classifications, the Drainage District would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use to the other classified funds.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates

**2. LEVIED TAXES**

The following is a summary of authorized and levied ad valorem taxes:

Assessed valuation for 2018	\$41,986,245
Authorization and Levied Millage	<u>MILLAGE</u>
General Fund	4.00
Capital Projects Fund	<u>1.00</u>
Total millage	<u>5.00</u>
Total tax levy	\$209,933

Gravity Drainage District No. 4  
of Tangipahoa Parish  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2018

Ad valorem taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied by the Drainage District during the year and actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Tangipahoa Parish Sheriff bills and collects the property taxes using the assessed value determined by the Tax Assessor of Tangipahoa Parish. The taxes are generally collected in December of the current year and January and February of the ensuing year.

**3. DEPOSITS AND INVESTMENTS**

At December 31, 2018, the Drainage District had deposits and investments (book balances) totaling \$273,707, as follows:

Interest-bearing demand deposits	\$173,707
Certificates of deposit	<u>100,000</u>
Total	<u>\$273,707</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned 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. 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.

Per GASB Statement 3, as amended by GASB 40; the Drainage District's deposits are exposed to custodial credit risk since the collateral pledged by the fiscal agent is not held in the Drainage District's name.

At December 31, 2018, the Drainage District's has \$278,544 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$28,544 is uninsured but collateralized with securities held by the custodial bank in the name of the fiscal agent bank.

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

**4. Receivables**

The following is a summary of receivables at December 31, 2018:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Ad valorem taxes	\$167,947	\$41,987	\$209,934
State revenue sharing	<u>5,574</u>	<u>-</u>	<u>5,574</u>
Total	<u>\$173,521</u>	<u>\$41,987</u>	<u>\$215,508</u>

Gravity Drainage District No. 4  
of Tangipahoa Parish  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2108

**5. CAPITAL ASSETS**

Capital assets and depreciation for governmental activities as of and for the year ended December 31, 2108, are as follows:

	<u>Balance</u> <u>12/31/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/18</u>
Capital Assets Being Depreciated:				
Vehicle	\$ -	\$ 2,093	\$ -	\$ 2,093
Equipment	<u>4,441</u>	<u>-</u>	<u>-</u>	<u>4,441</u>
Total capital Assets Being Depreciated	<u>4,441</u>	<u>2,093</u>	<u>-</u>	<u>6,534</u>
Less Accumulated Depreciated For:				
Vehicle	-	70	-	70
Equipment	<u>4,441</u>	<u>-</u>	<u>-</u>	<u>4,441</u>
Total Accumulated Depreciation	<u>4441</u>	<u>70</u>	<u>-</u>	<u>4,511</u>
Capital Assets Being Depreciated, Net	<u>-</u>	<u>2,023</u>	<u>-</u>	<u>2,023</u>
 Governmental Activities Capital Assets, Net	 <u>\$ -</u>	 <u>\$ 2,023</u>	 <u>\$ -</u>	 <u>\$ 2,023</u>

Depreciation expense of \$70 for the year ended December 31, 2018, was charged to the governmental activities, using the straight line depreciation method.

**6. LEASES**

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

**7. COMPENSATION PAID TO COMMISSIONERS**

Amounts paid to the Board of Commissioners is as follows:

Board of Commissioners

Mark Miller, President	\$2,700
Wayne Johnson	2,700
Kyle Warren	2,550
Lori Petitto	2,700
Eve Wilson	<u>2,700</u>
	<u>\$13,350</u>

**8. RISK MANAGEMENT**

The Drainage District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets errors and omissions; injuries to employees; and natural disasters. The Drainage District attempts to minimize risk from significant losses through the purchase of workers compensation insurance (includes contract workers) and a surety bond.

**9. CUSTODIAL CREDIT RISK - DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the Drainage District's deposits may not be returned to it. The Drainage District does not have a deposit policy for custodial credit risk. As of December 31, 2018, \$28,544 of the drainage District's bank balances are exposed to custodial credit risk. The \$28,544 is uninsured but collateralized with securities held by the pledging institution's trust department or agent, but not in the Drainage District's name.

**10. RELATED PARTY TRANSACTIONS**

There were no related party transaction.

**11. SUBSEQUENT EVENTS**

Two new appointed board members took office in January 2019.

Board entered into an intergovernmental agreement with Consolidated Gravity Drainage District No. 1 of Tangipahoa Parish to open a drain off Old US HWY 51 at the Auction Barn Location.

Board approved purchase of a 2019 Polaris for \$11,549.

Board declared the 2002 Dodge Ram truck as surplus.

Subsequent events have been evaluated by management through June 24, 2019, the date the financial statements were available for issuance. No other events were noted requiring recording or additional disclosure in the financial statements for the year ending December 31, 2018.

**REQUIRED SUPPLEMENTAL INFORMATION**

GRAVITY DRAINAGE DISTRICT NO. 4  
OF TANGIPAOHA PARISH  
(A Component Unit of the Tangipahoa Parish Government)  
Amite, Louisiana

GOVERNMENTAL FUND - GENERAL FUND  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>				
Ad valorem taxes	\$150,000	\$150,000	\$166,521	\$16,521
State revenue sharing	6,000	6,000	5,575	(425)
Interest earnings	120	120	108	(12)
	<u>156,120</u>	<u>156,120</u>	<u>172,204</u>	<u>16,084</u>
<u>Expenditures</u>				
General government:				
Salaries and related benefits	10,000	10,000	10,198	(198)
Compensation paid board members	15,000	15,000	13,350	1,650
Professional fees	11,000	11,000	10,406	594
Official journal	3,000	3,000	1,556	1,444
Office expense	1,500	1,500	276	1,224
Statutory charges	7,600	7,600	6,354	1,246
Insurance	10,000	10,000	3,310	6,690
Miscellaneous expense	10,000	10,000	-	10,000
Public works - drainage	228,020	228,020	143,414	84,606
	<u>296,120</u>	<u>296,120</u>	<u>188,864</u>	<u>107,256</u>
EXCESS (DEFICIENCY) OR REVENUES OVER EXPENDITURES	<u>(140,000)</u>	<u>(140,000)</u>	<u>(16,660)</u>	<u>123,340</u>
NET CHANGE IN FUND BALANCE	(140,000)	(140,000)	(16,660)	123,340
Fund Balance - beginning	<u>302,911</u>	<u>302,911</u>	<u>302,911</u>	<u>-</u>
Fund Balance - ending	<u>\$162,911</u>	<u>\$162,911</u>	<u>\$286,251</u>	<u>\$123,340</u>

See independent accountant's review report.

**OTHER SUPPLEMENTAL INFORMATION**

GRAVITY DRAINAGE DISTRICT NO. 4  
OF TANGIPAHOA PARISH  
(A Component Unit of the Tangipahoa Parish Government)  
Amite, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD  
For the Year Ended December 31, 2018

**Agency Head:** Mark Miller, President

<u>Purpose</u>	<u>Amount</u>
Contract Services	<u>\$2,700</u>
	<u>\$2,700</u>

See independent accountant's review report.

## **AGREED-UPON PROCEDURES REPORT**



## LAURA GRAY

CERTIFIED PUBLIC ACCOUNTANT

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### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners  
Gravity Drainage District No. 4  
Of Tangipahoa Parish  
Tangipahoa Parish Council  
Amite, Louisiana

I have performed the procedures enumerated below, which were agreed to by Gravity Drainage District No. 4 of Tangipahoa Parish and the Louisiana Legislative Auditor, on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2108, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, I make no representation regarding the sufficiency of the procedures enumerated 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:

#### Public Bid Law

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$154,450. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

Gravity Drainage District No. 4 of Tangipahoa Parish did not have any expenditures for materials and supplies exceeding \$30,000 or public works exceeding \$154,450.

#### Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board members as defined by LSA-RS 42:1101-1124 (the code of ethics)

Management provided me with the required list.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members

Gravity Drainage District No. 4 of Tangipahoa Parish  
Independent Accountant's Report  
on Applying Agreed-Upon Procedures - continued

Gravity Drainage District No. 4 of Tangipahoa Parish does not have any employees who are family members of the board.

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

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

#### Budgeting

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

Management provided me with a copy of the original budget. Management represented that there were no amendments to the budget during the year.

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

I traced the adoption of the original budget to the minutes of a meeting held November 27, 2017.

The budget was not adopted by ordinance. Management represented that there were no amendments to the budget during the year.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceeded budgeted amounts by more than 5%.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures.

Actual revenues, exceeded budgeted revenues. Expenditures for the year did not exceed budgeted amounts by more than 5% for the year.

#### Accounting and Reporting

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

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

I examined supporting documentation for each of the six selected disbursements and found that for five disbursements, payment was for the proper amount and made to the correct payee. One disbursement was for \$100 for a fuel reimbursement. \$60 of the disbursement had supporting documentation. The remaining \$40 did not have supporting documentation.

Gravity Drainage District No. 4 of Tangipahoa Parish  
Independent Accountant's Report  
On Applying Agreed-Upon Procedures - continued

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

All of the payments were properly coded to the correct fund and general ledger account.

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

Supporting documentation for all six payments contained the board's approval.

#### Meetings

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

Gravity Drainage District No. 4 of Tangipahoa Parish is required to post a notice of each meeting and the accompanying agenda on the door of the Town Hall no later than 24 hours prior to the meeting I examined documentation that such notices were posted.

#### Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness

I noted no deposits which appeared to be proceeds of bank loans, bonds, or the like indebtedness.

#### Advances and Bonuses

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

A reading of the minutes of the Gravity Drainage District No. 4 of Tangipahoa Parish for the year indicated no approval for payments which may constitute bonuses, advances, or gifts. I also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

#### State Audit Law

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

The District's report is due on June 30, 2019, and it will be submitted by June 30, 2019.

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

Agency was in compliance with R.S. 24:513 (the audit law).

Gravity Drainage District No. 4 of Tangipahoa Parish  
Independent Accountant's Report  
on Applying Agreed-Upon Procedures - concluded

Prior Comments and Recommendations

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

Management provide a representation that prior-year exception has been resolved.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standard*, issued by the United States Comptroller General. I was not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's compliance with the foregoing matters. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, 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 Louisiana Legislative Auditor as a public document.

  
Certified Public Accountant

June 24, 2019

**LOUISIANA ATTESTATION QUESTIONNAIRE**

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Governmental Agencies)**

5-27-19 (Date Transmitted)  
Laura Gray, CPA, LLC (CPA Firm Name)  
P.O. Box 1391 (CPA Firm Address)  
Amite, LA 70422 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of 12-31-18 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No [ ]

**Code of Ethics for Public Officials and Public Employees**

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

Yes [] No [ ]

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

Yes [] No [ ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No [ ]

**Accounting and Reporting**

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

Yes [] No [ ]

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

Yes [] No [ ]

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

Yes [] No [ ]

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

Yes [] No [ ]

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No [ ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [] No [ ]

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [] No [  ]

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [] No [  ]

**Prior-Year Comments**

We have resolved all prior-year recommendations and/or comments.

Yes [] No [  ]

**General**

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No [  ]

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [] No [  ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [] No [  ]

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [] No [  ]

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes [] No [  ]

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [] No [  ]

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

<u>May Lynn Thompson</u>	Secretary	<u>5-27-19</u>	Date
<u>May Lynn Thompson</u>	Treasurer	<u>5-27-19</u>	Date
<u>Mark H. Miller</u>	President	<u>5-27-19</u>	Date