

**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, 2017

GRAVITY DRAINAGE DISTRICT NO. 4
OF TANGIPAHOA PARISH

(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana

ANNUAL FINANCIAL REPORT
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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, 2017, which collectively comprises the Drainage District's basic financial statements as listed in the table of contents and the related notes to 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.

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.

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. I have not audited or reviewed such required supplementary information, and, accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on it.

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.


Certified Public Accountant

June 25, 2018

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
 December 31, 2017

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash	\$228,729
Investments	100,000
Receivables, net of allowance of \$3,750	<u>204,128</u>
Total assets	<u>532,857</u>
 <u>Liabilities</u>	
Accounts payable	<u>9,868</u>
Total liabilities	<u>9,868</u>
 <u>Net Position</u>	
Restricted for constructing drainage works	220,078
Unrestricted	<u>302,911</u>
Total Net Position	<u>\$522,989</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, 2017

	<u>Governmental Funds</u>		<u>Total (Memorandum Only)</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
ASSETS			
Cash	\$164,330	\$ 64,399	\$228,729
Investments	-	100,000	100,000
Receivables	167,416	40,462	207,878
Allowance for uncollectibles	(3,000)	(750)	(3,750)
Due from General Fund	<u>-</u>	<u>17,549</u>	<u>17,549</u>
TOTAL ASSETS	<u>\$328,746</u>	<u>\$221,660</u>	<u>\$550,406</u>
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 1,957	\$ -	\$ 1,957
Deductions from ad valorem taxes payable	6,329	1,582	7,911
Due to Capital Projects Fund	17,549	-	17,549
Total Liabilities	<u>25,835</u>	<u>1,582</u>	<u>27,417</u>
Fund balance:			
Restricted for constructing drainage works	-	220,078	220,078
Unassigned	302,911	-	302,911
Total Fund Balance	<u>302,911</u>	<u>220,078</u>	<u>522,989</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$328,746</u>	<u>\$221,660</u>	<u>\$550,406</u>

See accompanying notes and independent accountant's review report.

GRAVITY DRAINAGE DISTRICT NO. 4
OF TANGIPAHOA PARISH
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Amite, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2017

Fund balance - governmental funds	\$522,989
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 consist of:	
Governmental capital assets, net of depreciation	<u> </u>
Net position of governmental activities	<u>\$522,989</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)
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GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2017

	General Fund	Capital Projects Fund	Total (Memorandum Only)
REVENUES			
Ad valorem taxes	\$159,442	\$ 39,885	\$ 199,327
Intergovernmental:			
State revenue sharing	5,509	-	5,509
FEMA revenue	-	18,052	18,052
Interest earnings	119	960	1,079
Total Revenues	165,070	58,897	223,967
EXPENDITURES			
General government:			
Salaries and related benefits	10,256	-	10,256
Compensation paid board members	14,513	-	14,513
Election expense	8,082	-	8,082
Professional fees	12,298	-	12,298
Official journal	1,307	-	1,307
Office expense	756	-	756
Travel expense	913	-	913
Statutory charges	6,329	1,582	7,911
Insurance	2,153	-	2,153
Public works - drainage	136,408	136,907	273,315
Total Expenditures	193,015	138,489	331,504
NET CHANGE IN FUND BALANCES	(27,945)	(79,592)	(107,537)
FUND BALANCES			
Fund balance - beginning of year	330,856	299,670	630,526
Fund balance - end of year	\$302,911	\$220,078	\$ 522,989

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, 2017

Net change in fund balances - total governmental funds	\$(107,537)
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:	
Depreciation expense	<u>(18)</u>
Change in net position of governmental activities	<u>\$(107,555)</u>

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, 2017

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, 2017

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.

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

Gravity Drainage District No. 4
of Tangipahoa Parish
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

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 judgments 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 statement 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 2017 was presented to the board of commissioners on November 28, 2016.
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 2017 was held on November 28, 2016.
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 2017 was adopted on November 28, 2016.
6. Budgetary amendments require the approval of the board of commissioners. The budget for 2017 was amended on November 27, 2017.
7. All budgetary appropriations lapse at year-end

Gravity Drainage District No. 4
of Tangipahoa Parish
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

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 deposit, 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 asset 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.

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.

Gravity Drainage District No. 4
of Tangipahoa Parish
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

The Drainage District did not have any nonspendable 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 at December 31, 2017.

- **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.

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 of the other classified funds.

Gravity Drainage District No. 4
of Tangipahoa Parish
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

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 2017	\$42,068,177
Authorized and Levied Millage	<u>MILLAGE</u>
General Fund	3.98
Capital Projects Fund	<u>1.00</u>
Total millage	<u>4.98</u>
Total tax levy	\$209,502

Ad valorem taxes attach as an enforceable lien on property as of January 1 of 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, 2017, the Drainage District had deposits and investments (book balances) totaling \$406,886, as follows:

Interest-bearing demand deposits	\$228,729
Certificates of deposit	<u>100,000</u>
Total	<u>\$328,729</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, 2017, the Drainage District's has \$328,927 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$78,927 is uninsured but collateralized with securities held by the custodial bank in the name of the fiscal agent bank.

Gravity Drainage District No.4
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Notes to the Financial Statements
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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, 2017:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Ad valorem taxes	\$161,848	\$40,462	\$202,310
State revenue sharing	<u>5,568</u>	<u>-</u>	<u>5,568</u>
Total	<u>\$167,416</u>	<u>\$40,462</u>	<u>\$207,878</u>

5. CAPITAL ASSETS

Capital assets and depreciation for governmental activities as of and for the year ended December 31, 2017, are as follows:

	<u>Balance 12/31/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/17</u>
Capital Assets Being Depreciated:				
Equipment	\$4,441	\$ -	\$ -	\$4,441
Total Capital Assets Being Depreciated	<u>4,441</u>	<u>-</u>	<u>-</u>	<u>4,441</u>
Less Accumulated Depreciation For:				
Equipment	<u>4,423</u>	<u>18</u>	<u>-</u>	<u>4,441</u>
Total Accumulated Depreciation	<u>4,423</u>	<u>18</u>	<u>-</u>	<u>4,441</u>
Capital Assets Being Depreciated, Net	<u>18</u>	<u>(18)</u>	<u>-</u>	<u>-</u>
Governmental Activities Capital Assets, Net	<u>\$ 18</u>	<u>\$(18)</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense of \$18 for the year ended December 31, 2017, 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, 2017.

7. INTERFUND RECEIVABLES AND PAYABLES

Balance due to/from other funds at December 31, 2017, consist of the following:

Due to Capital Projects Fund from General Fund for FEMA money deposited in General Fund in error.	\$17,549
Due from General Fund from Capital Projects Fund for FEMA money deposited in General Fund in error.	<u>(17,549)</u>
	<u>\$ -</u>

Gravity Drainage District No.4
of Tangipahoa Parish
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

8. COMPENSATION PAID TO COMMISSIONERS

Amounts paid to the Board of Commissioners is as follows:

<u>Board of Commissioners</u>	
Mark Miller, President	\$ 2,800
James Ardillo, President	1,363
Wayne Johnson	2,963
Kyle Warren	1,500
Lori Petitto	2,700
Eve Wilson	<u>3,187</u>
	<u>\$14,513</u>

9. 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.

10. 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's does not have a deposit policy for custodial credit risk. As of December 31, 2017, \$78,927 of the Drainage District's bank balances are exposed to custodial credit risk. The \$78,927 is uninsured but collateralized with securities held by the pledging institution's trust department or agent, but not in the Drainage District's name.

11. RELATED PARTY TRANSACTIONS

There were no related party transactions.

12. SUBSEQUENT EVENTS

Board approved the bid from Warford Construction of \$1,800 for the A&B Motors job.

Board approved the bid from Liuzza Trucking of \$6,200 for the Israelite Church job.

Board approved the bid from M/S Dozer Service of \$2,199 for the Jack Liuzza (Adam Stillwell) job.

Board approved the bid from M/S Dozer Service of \$3,600 for the Pleasant Grove job.

Board approved the bid from M/S Dozer Service of \$12,999 for the Bennett Road job

Board approved the bid from M/S Dozer Service of \$4,800 for the Mashon Road job.

Board approved the bid from M/S Dozer Service of \$1,375 for the Cuti Road job.

Subsequent events have been evaluated by management through June 25, 2018, 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, 2017.

REQUIRED SUPPLEMENTAL INFORMATION

GRAVITY DRAINAGE DISTRICT NO. 4
OF TANGIPAHOA 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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Ad valorem taxes	\$145,000	\$145,000	\$159,442	\$ 14,442
State revenue sharing	6,100	6,100	5,509	(591)
Interest earnings	<u>140</u>	<u>140</u>	<u>119</u>	<u>(21)</u>
Total Revenues	<u>151,240</u>	<u>151,240</u>	<u>165,070</u>	<u>13,830</u>
<u>EXPENDITURES</u>				
General government:				
Salaries and related benefits	10,000	10,000	10,256	(256)
Compensation paid board members	15,000	15,000	14,513	487
Election expense	-	-	8,082	(8,082)
Professional fees	10,000	13,600	12,298	1,302
Official journal	3,000	3,000	1,307	1,693
Office expense	1,500	1,500	756	744
Travel expense	-	-	913	(913)
Statutory charges	7,600	7,600	6,329	1,271
Insurance	10,000	6,400	2,153	4,247
Miscellaneous expense	15,000	15,000	-	15,000
Public works - drainage	<u>229,140</u>	<u>229,140</u>	<u>136,408</u>	<u>92,732</u>
Total Expenditures	<u>301,240</u>	<u>301,240</u>	<u>193,015</u>	<u>108,225</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(150,000)</u>	<u>(150,000)</u>	<u>(27,945)</u>	<u>122,055</u>
NET CHANGE IN FUND BALANCE	(150,000)	(150,000)	(27,945)	122,055
Fund Balance - beginning	<u>330,856</u>	<u>330,856</u>	<u>330,856</u>	<u>-</u>
Fund Balance - ending	<u>\$180,856</u>	<u>\$180,856</u>	<u>\$302,911</u>	<u>\$122,055</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, 2017

Agency Head: James Ardillo, President (January 1, 2017 - June 30, 2017)

<u>Purpose</u>	<u>Amount</u>
Contract Services	\$1,363
	<u>\$1,363</u>

Agency Head: Mark Miller, President (July 1, 2017 - December 31, 2017)

<u>Purpose</u>	<u>Amount</u>
Contract Services	\$2,800
	<u>\$2,800</u>

See independent accountant's review report.

AGREED-UPON PROCEDURES REPORT



LAURA GRAY

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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, 2017, 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.

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

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 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 and all amendments.

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

I traced the adoption of the original budget to the minutes of a meeting held November 28, 2016.

The budget was amended on November 27, 2017. However, the budget was not adopted by ordinance.

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 and 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 disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

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

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 to a Board member for FEMA related hours. No supporting documentation was attached to agree with the payment amount or the proper name. The expenditure was approved by the board on February 27, 2017.

- (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.

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

- (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 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, or 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, 2018, and it will be submitted before June 30, 2018.

- 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.

My review report for the fiscal year ended December 31, 2016, did not include any comments or unresolved matters.

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 Standards*, 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 25, 2018

LOUISIANA ATTESTATION QUESTIONNAIRE

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

2-26-2018 (Date Transmitted)

Laura Gray, CPA, LLC (CPA Firm Name)
PO 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 12-31-17 (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 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.

<i>Wayne J. Thompson</i>	Secretary	<u>2-26-18</u>	Date
<i>Wayne J. Thompson</i>	Treasurer	<u>2-26-18</u>	Date
<i>Mark H. Miller</i>	President	<u>2-26-18</u>	Date