LAFOURCHE PARISH DRAINAGE DISTRICT NO. 1

Galliano, Louisiana

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2018

LAFOURCHE PARISH DRAINAGE DISTRICT NO. 1
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2018

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LAFOURCHE PARISH DRAINAGE DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

This discussion and analysis of the Lafourche Parish Drainage District No. 1's financial performance provides a narrative overview of the financial activities as of and for the fiscal year ended December 31, 2018. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- The net position increased because of this year's operations. The net position of our governmental activities increased by $130,846 approximately 5%. At the end of the year assets exceeded liabilities by $2,776,383 (net position).
- During the year, expenses for public works were $364,110. General revenues of $494,956 were recorded to end the year with revenue exceeding expenses by $130,846. This compares to last year when net position increased by $97,151.
- Fund balances of the governmental funds also increased $130,846 to $2,776,383, all considered unassigned and available to budget.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information, Other Information and the Reports Required According to *Government Auditing Standards* is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the finances, in a manner like a private-sector business. The statement of net position presents information on all the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues, governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, business-type activities.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws. The Lafourche Parish Drainage District No. 1 utilizes the governmental type of fund with the following accounting approach. All the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Net position increased from $2,645,537 to $2,776,383 or 5%. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the increase this year. The balance in net position represents the accumulated results of all past years' operations.

Our analysis below focuses on the net position and changes in net position of the governmental-type activities.

Condensed Statement of Net Position	2017	2018	Increase (Decrease)
Current and Other Assets	$ 3,108,386	$3,224,622	$ 116,236
Deferred Inflows	462,849	448,239	(14,610)
Total Net Position	$ 2,548,386	$2,776,383	$ 130,846

Condensed Statement of Activities	2017	2018	Increase (Decrease)
Total program expenses	$ (394,845)	$ (364,110)	$ (30,735)
Total program revenues	-	-	-
Net program income	(394,845)	(364,110)	30,735
General revenues	491,996	494,956	2,960
Change in Net Position	97,151	130,846	33,695
Net Position:			
Beginning of the year	2,548,386	2,645,537	97,151
End of the year	$ 2,645,537	$2,776,383	$ 130,846

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The Lafourche Parish Drainage District No. 1 uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The general fund reported an ending fund balance of $2,776,383. This reflects an increase of $130,846 from the prior year.

Total revenues for the general fund were $494,956 or a slight increase of .6% from the prior year. Current expenditures for public works activities were $364,110 – an decrease of over 11% from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was amended during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The District wAS in compliance with the State Budget Law.

Major differences between the original and final amended budget were as follows:

Original Budgeted Expenditures	$450,600
Amendments were made for:	
Decreased professional services	(36,000)
Total expenditure amendments	**(36,000)**
Amended Budgeted Expenditures	$414,600

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's General Fund budget adopted November 8, 2018 include:

	2019
Anticipated revenues	$ 456,000
Expenditures:	
Supplies & materials	7,000
Other Services & charges	35,600
Repairs & Maintenance	110,000
Anticipated expenditures	152,600
Deficit of revenues over expenditures	303,400
Fund Balance:	
Beginning of the year	2,695,850
End of the year	$ 2,999,250

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Board of Directors of the
Lafourche Parish Drainage District No. 1
PO Box 338
Larose, LA 70373

FINANCIAL SECTION

STAGNI & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Lafourche Parish Drainage District No. 1
Galliano, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lafourche Parish Drainage District No. 1 (the District), a component unit of Lafourche Parish Government, as of and for the year ended December 31, 2018, and the notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit includes performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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MEMBERS:AICPA • LCPA

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund as of December 31, 2018 and the respective changes in financial position for the year then ended in conformity 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 Management's Discussion and Analysis and the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 5, 2019 on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, Louisiana
June 5, 2019

LAFOURCHE PARISH DRAINAGE DISTRICT NO. 1

Statement of Net Position
December 31, 2018

ASSETS	
Cash	$ 1,914,772
Investments	796,011
Ad Valorem taxes receivable	93,701
Due from other governments	420,138
TOTAL ASSETS	3,224,622
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
Liabilities:	
Accounts payable	-
Deferred Inflows of Resources-	
Property taxes - subsequent year	448,239
Net Position-	
Unrestricted	2,776,383
TOTAL NET POSITION	$ 2,776,383

See notes to financial statements.

LAFOURCHE PARISH DRAINAGE DISTRICT NO. 1

Statement of Activities - Governmental Activities
For the Year Ended December 31, 2018

		Program Revenue		
	Expenses	Charges for services	Operating Grants	Net Revenue (Expense)
FUNCTIONS/PROGRAMS				
General government activities	$ 13,925	$ -	$ -	$ (13,925)
Public works activities	350,185	-	-	(350,185)
Total governmental activities	$ 364,110	$ -	$ -	(364,110)

GENERAL REVENUES	
Ad valorem taxes	454,082
State revenue sharing	15,600
Interest earned	25,274
Total General Revenues	494,956
Change in Net Position	130,846
NET POSITION:	
Beginning of year	2,645,537
End of year	$ 2,776,383

See notes to the financial statements.

LAFOURCHE PARISH DRAINAGE DISTRICT NO. 1

Balance Sheet - Governmental Fund - General Fund
December 31, 2018

ASSETS	
Cash	$ 1,914,772
Investments	796,011
Ad Valorem taxes receivable	93,701
Due from other governments	420,138
TOTAL ASSETS	$ 3,224,622
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	
Liabilities -	
Accounts payable	$ -
Deferred Inflows of Resources -	
Property taxes - subsequent period	448,239
Fund balance -	
Unassigned	2,776,383
Total fund balance	$ 2,776,383

See notes to financial statements.

LAFOURCHE PARISH DRAINAGE DISTRICT NO. 1

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund - General Fund
For the Year Ended December 31, 2018

REVENUES	
Ad Valorem Taxes	$ 454,082
Intergovernmental:	
State of LA - Revenue Sharing	15,600
Interest	25,274
TOTAL REVENUES	494,956
EXPENDITURES	
General Government - current	13,925
Public Works - current:	
General administrative	7,515
Professional services	22,162
Levees, Ditches & Road Maintenance	320,508
Total public works	350,185
TOTAL EXPENDITURES	364,110
NET CHANGE IN FUND BALANCES	130,846
FUND BALANCES:	
Beginning of year	2,645,537
End of year	$2,776,383
RECONCILIATIONOF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES:	
Net change in fund balances per above	$ 130,846

See notes to financial statements.

The Lafourche Parish Drainage District No. 1 (the District) is governed by a Board of Commissioners appointed by the Lafourche Parish Council. The District was created by LA Revised Statute 18:541; Parish Ordinance 985 Created the Board/Governing Authority and Ordinance 1929 for Membership. The Board is composed of 7 members from portions of Wards 4, 9, and 10. The Board serves at the pleasure of the Council for 5 year terms.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

As the governing authority, the Lafourche Parish Government (the Parish) is the financial reporting entity for Lafourche Parish. Because the Parish could by definition in statute be financially burdened by the Lafourche Parish Drainage District No. 1, the District was determined to be a component unit of the Parish. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Lafourche Parish Government, the general government services provided by that governmental unit, or any other governmental reporting entity.

The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Lafourche Parish Government for the year ending December 31, 2018.

B. Basis of Presentation

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are as follows:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Basis of Presentation (continued)

Governmental-wide Financial Statements (GWFS):

GWFS include the Statement of Net Position and the Statement of Activities for all activities of the District. The GWFS presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements (FFS)

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The governmental fund of the District is the General Fund. The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds. The General Fund is *always* a major fund.

C. Measurement Focus / Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus / Basis of Accounting (continued)

Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of Section N50.

Program Revenues - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

Fund Financial Statements (FFS)
The amounts reflected in fund financial statements, 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 balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, 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 court considers all revenues available if they are collected within 60 days after the fiscal year end. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is 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:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus / Basis of Accounting (continued)

Revenues – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2017 property taxes which were levied to finance the 2018 budget are recognized as revenue in 2018. The 2018 tax levy is recorded as deferred revenue in the current financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

Expenditures – The major expenditures include public works professional services, repairs and maintenance and audit and accounting fees are recorded when payable or when the fees are incurred.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the General Fund. As allowed by state law, the Board does not obtain public participation in the budget process. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

F. Cash and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations. Investments consist of certificates of deposit which are stated at cost and approximate market value.

G. Receivables

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

H. Deferred Inflows of Resources

The District reports deferred inflows of resources that arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim but which were levied to finance the next year's operations, have been recorded as deferred inflows of resources. Property taxes due but not received within the available period and received before the eligibility requirements are met are also recorded as deferred inflows of resources on modified accrual only. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I. Compensated Absences

The District has no full-time employees. There is no accumulated compensated absences at year-end.

J. Fund Equity

For government-wide financial statements net assets are classified and displayed in three components:

- Net invested 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, if any.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "net invested in capital assets."

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

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned.

- Non-spendable fund balance cannot be spent because of its form.
- Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.
- Committed fund balance is a limitation imposed by the entity's board through approval of resolutions.
- Assigned fund balances is a limitation imposed by a designee of the entity's board.
- Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

NOTE 2 DEPOSITS

A summary of deposits are listed as follows:

	Bank Balance	Reported Amount
Checking Accounts	$1,913,972	$1,914,772
Certificates of Deposits	796,011	796,011
Total Deposits	$2,709,983	$2,710,783

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. The District has a written policy for custodial credit risk. As of year-end $1,693,056 of the bank balance of deposits was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. At year-end all deposits in excess of FDIC insurance were adequately collateralized, under state law, by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk.

Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, 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 depositor that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 AD VALOREM TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed valued are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2016.

Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2018 was $.90 per $1,000 of assessed valuation on property within Lafourche Parish Drainage District No. 1 for constructing, maintaining drainage projects within the District.

NOTE 4 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following:

Governmental Agency:	For:	Amount
South Lafourche Levee Distict	Reimbursement of Project Cost	$50,000
Lafourche Parish Tax Collector	December tax collections	370,138
		$420,138

NOTE 5 COOPERATIVE ENDEAVOR AGREEMENT

All capital assets are purchased for and maintained by the Parish; accordingly, these assets are recorded in the records of the Parish.

The District has a cooperative endeavor agreement with the Parish for the purposes of equally sharing consulting fees from T. Baker Smith, LLC for the purposes of advancing the existing application to Louisiana Statewide Flood Control.

NOTE 6 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance No settlements were made during the year that exceeded the District's insurance coverage.

NOTE 7 COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year.

REQUIRED SUPPLEMENTAL INFORMATION

LAFOURCHE PARISH DRAINAGE DISTRICT NO. 1

Budget Comparison Schedule - General Fund
For the Year Ended December 31, 2018

	Budgets			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Ad Valorem Taxes	$450,000	$450,000	$454,082	$ 4,082
State Revenue Sharing	-	-	15,600	15,600
Interest	650	650	25,274	24,624
TOTAL REVENUES	450,650	450,650	494,956	44,306
EXPENDITURES				
Public Works - current:				
Office operations	5,000	5,000	7,515	(2,515)
Professional services	65,000	29,000	22,162	6,838
Other services	600	600	13,925	(13,325)
Repairs & maintenance	380,000	380,000	320,508	59,492
Total public works	450,600	414,600	364,110	50,490
TOTAL EXPENDITURES	450,600	414,600	364,110	50,490
NET CHANGE IN FUND BALANCES	50	36,050	130,846	94,796
FUND BALANCES				
Beginning of year	2,645,537	2,645,537	2,645,537	-
End of year	$ 2,645,587	$ 2,681,587	$ 2,776,383	$ 94,796

OTHER INFORMATION

LAFOURCHE PARISH DRAINAGE DISTRICT NO. 1

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2018

Agency Head Name: BRIAN MARTS-BOARD PRESIDENT

Purpose	**Amount**
Salary	$0
Supplemental Pay	$0
Benefits-insurance	$0
Benefits-retirement	$0
Deferred compensation (contributions made by the agency)	$0
Benefits-other (describe)	$0
Car allowance	$0
Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years)	$0
Cell phone	$0
Dues	$0
Vehicle rental	$0
Per diem	$0
Reimbursements	$0
Travel	$0
Registration fees	$0
Conference travel	$0
Housing	$0
Unvouchered expenses (expample: travel advances, etc.)	$0
Special meals	$0
Other (including payments made by other parties on behalf of the agency head)	$0

This form is used to satisfy the supplemental reporting requirement of R.S. 24:513(A)(3)

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Commissioners of
Lafourche Parish Drainage District No. 1
Larose, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Lafourche Parish Drainage District No. 1, a component unit of Lafourche Parish Government as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated June 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

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

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MEMBERS:AICPA • LCPA

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Stagni & Company

June 5, 2019
Thibodaux, Louisiana