

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE
DISTRICT NO. 5 OF THE PARISH OF ST. TAMMANY,
STATE OF LOUISIANA**

Financial Statements with Supplementary Information

December 31, 2024

(With Independent Accountant's Review Report Thereon)

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

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Independent Accountant's Review Report

**Board of Commissioners
Sub-Drainage District No. 2 of Gravity Drainage District No. 5
of the Parish of St. Tammany, State of Louisiana
Mandeville, Louisiana**

We have reviewed the accompanying financial statements of the governmental activities and each major fund of Sub-Drainage District No. 2 of Gravity District No. 5 of the Parish of St. Tammany, State of Louisiana (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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, we do not express such an opinion.

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.

Accountant's Responsibility

Our 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 AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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Accountant's Conclusion

Based on our review, we are 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 budgetary comparison information on page 16 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required 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. Management has omitted the management's discussion and analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required 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. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Other Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to agency head and schedule of compensation paid to board members are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the representation of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Griffin & Furman, LLC

March 20, 2025

Covington, Louisiana

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Statement of Net Position

December 31, 2024

(See Independent Accountant's Review Report)

Assets

Cash	\$	52,029	
Accounts receivable		30,500	
Capital assets, net of accumulated depreciation		<u>1,130,246</u>	
Total assets			<u><u>1,212,775</u></u>

Net Position

Net investment in capital assets		1,130,246	
Unrestricted		<u>82,529</u>	
Total net position			<u><u>\$ 1,212,775</u></u>

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Statement of Activities

For the Year Ended December 31, 2024

(See Independent Accountant's Review Report)

	<u>Governmental Activities</u>	
Expenses:		
Accounting and audit	\$ 2,986	
Administrative	3,190	
Bank charges	439	
Depreciation	56,103	
Repairs and maintenance	13,540	
Insurance	5,816	
Sheriff's collection fee	<u>8,888</u>	
Total expenses		90,962
Program Revenues:		
Capital grants	<u>239,773</u>	
Total program revenues		<u>239,773</u>
Net program revenues		148,811
General Revenues:		
Parcel fees	120,287	
Other income	<u>15,000</u>	
Total general revenues		135,287
Non-Operating Revenue:		
Interest income	<u>367</u>	
Total non-operating revenue		<u>367</u>
Change in net position		284,465
Net position - beginning of year		<u>928,310</u>
Net position - end of year		\$ <u><u>1,212,775</u></u>

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Governmental Funds

Balance Sheet

December 31, 2024

(See Independent Accountant's Review Report)

<u>Assets</u>			
	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Current Assets:			
Cash	\$ 24,600	27,429	52,029
Accounts receivable	-	30,500	30,500
	<u>24,600</u>	<u>57,929</u>	<u>82,529</u>

<u>Fund Balances</u>			
Fund Balances:			
Committed to capital projects	<u>24,600</u>	<u>57,929</u>	<u>82,529</u>
Total fund balances	<u>24,600</u>	<u>57,929</u>	<u>82,529</u>
Total liabilities and fund balances	\$ <u>24,600</u>	<u>57,929</u>	

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	<u>1,130,246</u>
Net position of governmental activities	\$ <u>1,212,775</u>

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended December 31, 2024

(See Independent Accountant's Review Report)

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:			
Parcel fees	\$ -	120,287	120,287
Capital grants	-	239,773	239,773
Interest income	-	367	367
Other income	-	15,000	15,000
	<hr/>	<hr/>	<hr/>
Total revenues	-	375,427	375,427
	<hr/>	<hr/>	<hr/>
Expenditures:			
General			
Administrative expense	3,629	-	3,629
Accounting and audit	2,986	-	2,986
Insurance	5,816	-	5,816
Repairs and maintenance	-	13,540	13,540
Sheriff's collection fee	-	8,888	8,888
Capital outlay	-	354,122	354,122
	<hr/>	<hr/>	<hr/>
Total expenditures	12,431	376,550	388,981
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers (to)/from other funds	1,484	(1,484)	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	1,484	(1,484)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(10,947)	(2,607)	(13,554)
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of period	35,547	60,536	96,083
	<hr/>	<hr/>	<hr/>
Fund balances, end of period	\$ 24,600	57,929	82,529
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Governmental Funds

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

For the Year Ended December 31, 2024

(See Independent Accountant's Review Report)

Net change in fund balances - total governmental funds	\$ (13,554)
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**Amounts reported for governmental activities in the Statement of
Activities are different because:**

**Governmental funds report capital outlays as expenditures; however,
in the Statement of Activities, the cost of those assets is capitalized
and depreciated when applicable. This is the amount by which capital
outlays exceeded depreciation in the current period.**

<u>298,019</u>

Change in net position of governmental activities	\$ <u><u>284,465</u></u>
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**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Notes to the Financial Statements

December 31, 2024

(See Independent Accountants' Review Report)

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Sub-Drainage District No. 2 of Gravity District No. 5 of the Parish of St. Tammany, State of Louisiana (the District) was established to have all of the rights, powers and privileges granted and conferred by R.S. 38:1807 and other constitutional and statutory authority, including the authority to incur debt, to issue bonds and to levy parcel fees. The District covers the Meadowbrook residential subdivision in Mandeville, Louisiana.

(b) Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Tammany Parish Government is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (parish government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the parish government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish government.
2. Organizations for which the parish government does not appoint a voting majority but are fiscally dependent on the parish government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish government appoints the District's governing body, the District was determined to be a component unit of the St. Tammany Parish Government, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Notes to the Financial Statements

December 31, 2024

(See Independent Accountants' Review Report)

(c) Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues.

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. Parcel fees and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column.

Funds of the District are classified as governmental funds. Governmental funds account for the 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. The Governmental Funds of the District include:

General Fund

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

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays which primarily includes drainage improvements within the District.

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
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Notes to the Financial Statements

December 31, 2024

(See Independent Accountants' Review Report)

(d) Measurement Focus and Basis of Accounting

The amounts reflected in the governmental 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 adjustments, to the government-wide financial statements.

The amounts reflected in the governmental 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 District considers all revenues available if they are collected within 60 days after the fiscal year-end. 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 payment is due, and certain claims and judgments, if any, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an economic resources measurement focus and the accrual basis of accounting.

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows. Parcel fees and other major revenues are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. Parcel fees are recognized as revenues in the year in which such fees are assessed and billed to residents of the District.

(e) Budget Policies

The District is required by state law to adopt an annual budget for its General Fund. The budget is adopted on the modified accrual basis of accounting. The Board of Commissioners may authorize revisions requiring alteration of levels of expenditures. Operating appropriations lapse at year end.

The operating budget was adopted at a meeting held on November 29, 2023.

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Notes to the Financial Statements

December 31, 2024

(See Independent Accountants' Review Report)

(f) Cash and Cash Equivalents

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include short-term investments with original maturities of three months or less from the date of acquisition. At December 31, 2024, the District had no cash equivalents.

Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

(g) Receivables and Revenues

Parcel fees are assessed on January 1st of each year. The Board of Commissioners pass an annual resolution during the January board meeting authorizing St. Tammany Parish Assessor's Office to collect the annual parcel fees. Once collections are made, St. Tammany Parish Sheriff's Office remits the funds received each month to the District. Funds are generally received within the first four months of the year. Parcel fee revenues are recognized when levied to the extent that they are both measurable and available.

Parcel fee receivables that are collected and received by the District later than 60 days subsequent to year end and are considered deferred because they are not deemed available to finance operations of the current period. Parcel fee receivables are deemed to be substantially collectable; therefore, no allowance for doubtful tax accounts is deemed necessary.

(h) Capital Assets

All capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Drainage improvements	25 years
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(i) 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

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Notes to the Financial Statements

December 31, 2024

(See Independent Accountants' Review Report)

amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

(j) Equity Classifications

In accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments*, as amended, net position is classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

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

In the governmental fund financial statements, fund balances are classified as follows:

The District has adopted the provisions of GASB Statement No. 54 *Fund Balance Reporting and Government Fund Type Definitions*, which changed the reporting of fund balance in the balance sheets of governmental fund types. In fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

- *Nonspendable* – This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributions, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, change or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Notes to the Financial Statements

December 31, 2024

(See Independent Accountants' Review Report)

- ***Committed*** – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- ***Assigned*** – This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but neither restricted nor committed. The authority for assigning fund balance is expressed by the District or the designee as established in the District's Fund Balance Policy.
- ***Unassigned*** – This component consists of amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) are available for use. It is the District's policy to use committed resources first, then assigned, and the unassigned as they are needed.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources - committed, assigned and unassigned in order as needed.

(k) Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until that time. The District does not have any of this type.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from parcel fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Parcel fees for the governmental fund types,

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Notes to the Financial Statements

December 31, 2024

(See Independent Accountants' Review Report)

which have been remitted within 60 days subsequent to the year end, are considered measurable and available and recognized as revenues. All other parcel fees are offset by deferred inflows of resources and, accordingly, have not been recorded as revenue.

(2) Cash

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana or any other federally insured investment.

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of 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.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the District's name and deposits which are uninsured and collateralized.

The year end balances of deposits are as follows:

	Bank Balances Category			Book
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Demand deposits	<u>\$ 179,410</u>	<u>-</u>	<u>-</u>	<u>52,029</u>

(3) Parcel Fees

A parcel fee is levied on each lot and parcel owned at a total rate of \$250. The levied parcel fee is imposed until December 31, 2025. There will be a proposition on May 3, 2025 ballot to increase the rate to \$490. If approved, then the new tax rate will be into effect until 2044.

The fee is collected by the St. Tammany Parish Sheriff at the same time as the Parish ad valorem taxes, enjoys the same recourse as Parish ad valorem taxes for nonpayment, and primes all other liens except Parish ad valorem taxes.

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Notes to the Financial Statements

December 31, 2024

(See Independent Accountants' Review Report)

(4) Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2024 for the primary government are as follows:

	Balance January 1, <u>2024</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2024</u>
Capital assets, being depreciated				
Drainage improvements	\$ 1,242,193	354,122	-	1,596,315
Total capital assets being depreciated	<u>1,242,193</u>	<u>354,122</u>	<u>-</u>	<u>1,596,315</u>
Less accumulated depreciation:				
Drainage improvements	(409,966)	(56,103)	-	(466,069)
Total accumulated depreciation	<u>(409,966)</u>	<u>(56,103)</u>	<u>-</u>	<u>(466,069)</u>
Total capital assets, net	<u>\$ 832,227</u>	<u>(56,103)</u>	<u>-</u>	<u>1,130,246</u>

The District recorded \$56,103 of depreciation for the year ended December 31, 2024.

(5) Risk Management

The 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 District attempts to minimize risk from significant losses through the purchase of workers compensation insurance and general liability insurance.

(6) Commitments and Contingencies

The District has no public works contracts or commitments open at December 31, 2024.

(7) Subsequent Events

The District evaluated subsequent events through March 20, 2025, the date which the financial statements were available to be issued.

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Governmental Funds

**Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund**

For the Year Ended December 31, 2024

(See Independent Accountant's Review Report)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Other income	\$ -	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
General				
Administrative expense	4,136	4,136	3,629	507
Accounting and audit	3,150	3,150	2,986	164
Insurance	<u>6,100</u>	<u>6,100</u>	<u>5,816</u>	<u>284</u>
Total expenditures	<u>13,386</u>	<u>13,386</u>	<u>12,431</u>	<u>955</u>
Other:				
Transfers (to)/from other funds	<u>-</u>	<u>-</u>	<u>1,484</u>	<u>1,484</u>
Net change in fund balance	(13,386)	(13,386)	(10,947)	2,439
Fund balance, beginning of period	<u>35,547</u>	<u>35,547</u>	<u>35,547</u>	<u>-</u>
Fund balance, end of period	\$ <u>22,161</u>	<u>22,161</u>	<u>24,600</u>	<u>2,439</u>

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

**Schedule of Compensation, Benefits, and Other Payments to
Agency Head**

For the Year Ended December 31, 2024

Mark McCulla, Chairman of the District, received no compensation, benefits, or other payments of any kind during the year ended December 31, 2024.

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Schedule of Compensation Paid to Board Members

For the Year Ended December 31, 2024

Mark McCulla	\$ -
Wayne Durr	-
Brink Grush	-
Michael Theard	-
Jeff McKee	-
Total	\$ -

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Schedule of Findings and Management Corrective Action Plan

For the Year Ended December 31, 2024

Not applicable.

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Status of Prior Year Findings

For the Year Ended December 31, 2024

Finding 2023-1:

Criteria:

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition & Cause:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Company's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management Corrective Action Plan:

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare the Company's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

Status of Finding:

Resolved.

Independent Accountant's Report on Applying Agreed-Upon Procedures

**To the Board of Directors
Sub-Drainage District No. 2 of Gravity Drainage District
No. 5 of the Parish of St. Tammany, State of Louisiana
Mandeville, Louisiana**

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) agreed-upon procedures applicable to review attestations (AUPs) for the fiscal period January 1, 2024 through December 31, 2024. Sub-Drainage District No. 2 of Gravity Drainage District No. 5 of the Parish of St. Tammany, State of Louisiana's management is responsible for those C/C areas identified in the AUPs.

Sub-Drainage District No. 2 of Gravity Drainage District No. 5 of the Parish of St. Tammany, State of Louisiana (the District) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's AUPs for the fiscal January 1, 2024 through December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Public Bid Law

- 1. Select all expenditures made during the year for material and supplies exceeding \$60,000 or public works exceeding \$250,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 36:1755 (the state procurement code), whichever is applicable.**

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

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

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

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

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

6. Trace the budget adoption and amendments to the minute book.

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

7. 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 exceed budgeted amounts by 5% or more. (Note, state law exempts from the amendment requirements special revenue funds with anticipated expenditure-driven—primarily federal funds). For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures to determine if actual expenditures exceed budgeted amounts by 10% or more per category or 5% or more in total.

Finding: Actual expenditures exceeded budgeted expenditures by \$265,806, or 215.8%.

Corrective Action: We recommend the District adjust the budget as needed.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee, (b) determine if payments were properly coded to the correct fund and general ledger account, and (c) determine whether payments received approval from proper authorities.

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

Meetings

9. Examine evidence indicating 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).

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeded of bank loans, bonds, or like indebtedness.

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advance, or gifts.

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

Prior-Year Comments

12. Review any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

Finding: Not applicable. No prior year comments.

Corrective Action: Not applicable.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the AUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the AUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Griffin & Furman, LLC

March 20, 2025

Covington, Louisiana