

LAFOURCHE BASIN LEVEE DISTRICT

**A COMPONENT UNIT OF THE
STATE OF LOUISIANA**

VACHERIE, LOUISIANA

FINANCIAL STATEMENT AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2020

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
 VACHERIE, LOUISIANA
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To the Board of Commissioners
LAFOURCHE BASIN LEVEE DISTRICT
STATE OF LOUISIANA
Vacherie, Louisiana

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund of the Lafourche Basin Levee District (the "District"), a component unit of the State of Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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.

Auditors' Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I have conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Lafourche Basin Levee District, as of December 31, 2020, and the respective changes in financial position for the year ended in conformity with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedule and the schedule of the employer's proportionate share of total collective OPEB liability, listed in the table of contents to 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 (GASB), 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 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 inconsistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lafourche Basin Levee District's basic financial statements. The schedule of per diem paid board members and the schedule of compensation, benefits and other payments to district head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information identified in the preceding paragraph is the responsibility of management and was derived from and relates 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 my opinion, the other accompanying supplementary information stated above is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated June 24, 2021, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of my 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 the Lafourche Basin Levee District's internal control over financial reporting and compliance.

Lenora B Krielow

Certified Public Accountant
Jennings, Louisiana
June 24, 2021

REQUIRED SUPPLEMENTARY INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS

STATE OF LOUISIANA
LAFORCHE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2020

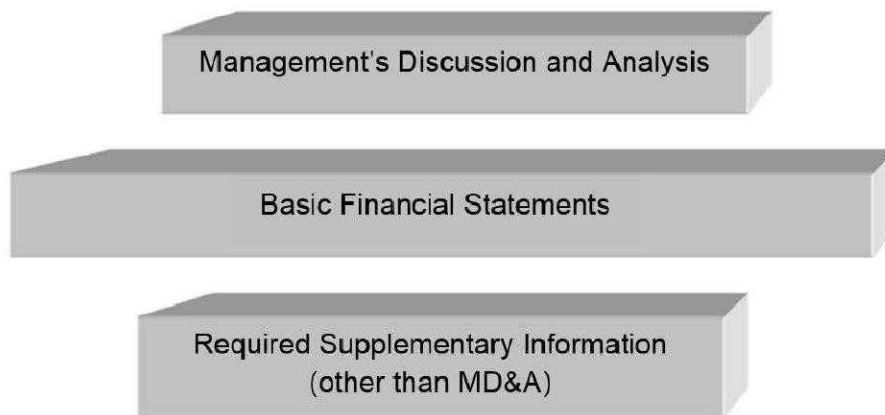
Management's Discussion and Analysis of the Lafourche Basin Levee District (District)' s financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2020. This document focuses on the current year' s activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter and the District' s financial statements.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2020 by \$9,257,258 which represents a 1.08% decrease from last fiscal year.
- The District's general revenue's totaled \$5,629,419 for the year ended December 31, 2020. These revenues are comprised primarily of ad valorem and interest income. Revenues remained relatively consistent with amounts reported in the last fiscal year.
- The District's expenses totaled \$5,730,851 for the year ended December 31, 2020. These expenditures are comprised primarily of operating services, and personnel expenses. Expenses decreased by \$727,062 which represents a decrease of 11.3% from the last fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.



These financial statements consist of three components - Management' s Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements) and Required Supplementary Information. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (2) notes to the financial statements. This report also contains additional information to supplement the basic financial statements, such as required supplementary information.

STATE OF LOUISIANA
LAFORCHE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2020

Government-wide Financial Statements

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

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between assets plus deferred outflows of resources and liabilities and deferred inflows of resources is net position and may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future periods.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's only fund, the General Fund.

The District uses only one fund type, the governmental fund. The governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the view of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities

Notes to the Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budgetary comparison, the schedule of the employer's proportionate share of the total collective OPEB liability, per diem and salary paid to board of commissioners, and the schedule of compensation, benefits, and other payments, in accordance with Louisiana Revised Statute 38:308.

STATE OF LOUISIANA
LAFORCHE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2020

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The District adopts annual budgets for the general fund. Budgetary comparison statements are provided for the general fund to demonstrate budgetary compliance.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

The following presents condensed financial information on the operations of the District.

Comparative Statement of Net Position				
As of December 31, 2020, and December 31, 2019				
	2020	2019 (Restated)	Variance	Percentage Change
Assets				
Current assets	\$ 12,238,869	\$ 12,282,881	\$ (44,012)	(0.4%)
Capital assets, net	1,091,319	1,248,715	(157,396)	(12.6%)
Net Total Assets	13,330,188	13,531,596	(201,408)	
Deferred outflows of resources	237,482	137,790	99,692	72.4%
Liabilities				
Current liabilities	300,219	283,879	16,340	5.8%
Noncurrent liabilities	3,375,194	3,262,029	113,165	3.5%
Total Liabilities	3,675,413	3,545,908	129,505	
Deferred inflows of resources	634,999	764,788	(129,789)	(17.0%)
Net Position:				
Net Investment in capital assets	1,091,319	1,248,715	(157,396)	(12.6%)
Unrestricted	8,165,939	8,109,975	55,964	0.7%
Total net position	\$ 9,257,258	\$ 9,358,690	\$ (101,432)	(1.1%)

The schedule is prepared from the District's Statement of Net Position which is presented on an accrual basis of accounting. Significant changes for 2020 include:

- Current assets decreased by \$44,012 over the prior year, mainly from the decrease in investments.
- Capital assets decreased \$157,396 over the prior year, mainly due to decrease in capital spending.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2020

Net investment in capital assets consist of capital assets net of accumulated depreciation and reduced by any related debt. Restricted net position represents amounts that are externally restricted by the net investment in capital assets. Unrestricted net position is the portion of net position that has no limitations on how these amounts may be spent.

Comparative Statement of Changes in Net Position
For the Fiscal Years December 31, 2020, and December 31, 2019

	2020	2019 (Restated)	Change	Percentage Change
Revenues				
General revenues				
Ad valorem taxes	\$ 4,569,158	\$ 4,703,251	\$ (134,093)	(2.9%)
State revenue sharing	70,081	72,642	(2,561)	(3.5%)
Parish reimbursements	750,631	516,930	233,701	45.2%
Interest earnings	139,781	256,889	(117,108)	(45.6%)
Licenses and permits	34,300	28,250	6,050	21.4%
Royalties and leases	9,351	14,768	(5,417)	(36.7%)
Miscellaneous				
Investment income (loss)	(24,824)	(12,201)	(12,623)	103.5%
Other	56,117	54,203	1,914	3.5%
Total revenues	<u>5,604,595</u>	<u>5,634,732</u>	<u>(30,137)</u>	<u>(0.5%)</u>
Expenses				
Personnel Services and related benefits	2,350,533	2,309,273	41,260	1.8%
Travel	29,863	60,598	(30,735)	(50.7%)
Professional Services	95,293	83,344	11,949	14.3%
Supplies	153,581	298,548	(144,967)	(48.6%)
Operating Services	2,696,271	3,272,442	(576,171)	(17.6%)
Depreciation	380,486	433,708	(53,222)	(12.3%)
Total expenditure/expenses	<u>5,706,027</u>	<u>6,457,913</u>	<u>(751,886)</u>	<u>(11.6%)</u>
Change in net position	(101,432)	(823,181)	721,749	11.1%
Net position, beginning	<u>9,358,690</u>	<u>10,181,871</u>	<u>(823,181)</u>	<u>(8.1%)</u>
Net position, ending	<u>\$ 9,257,258</u>	<u>\$ 9,358,690</u>	<u>\$ (101,432)</u>	<u>(1.1%)</u>

The District's net expenses decreased \$727,062 from the previous fiscal year. Majority of the decrease was from less operating services, while personnel expenses slightly increased by \$41,260.

STATE OF LOUISIANA
LAFORCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2020, totaled \$1,091,319. This amount represents a net decrease (including additions and disposals, net of depreciation) of \$157,396 or 15.0% over the previous fiscal year. More detailed information about the Districts' capital assets are presented in the notes to the financial statements.

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

	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>Percent Change</u>
Land	\$ 130,227	\$ 130,227	\$ -	0.0%
Building & Improvements	150,721	165,074	(14,353)	(8.7%)
Machinery and Equipment	810,371	953,414	(143,043)	(15.0%)
Total	<u>\$ 1,091,319</u>	<u>\$ 1,248,715</u>	<u>\$ (157,396)</u>	

The District had no long-term debt related to its capital assets.

LONG-TERM LIABILITIES

The District's long-term liabilities on December 31, 2020 totaled \$3,472,754. This amount represents a net increase of \$126,066 over the previous fiscal year. The primary reason for the increase is the change in the valuation of the OPEB payable of \$123,678.

Long-Term Liabilities at Year-End

	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>Percent Change</u>
Compensated absences payable	\$ 155,984	\$ 153,596	\$ 2,388	1.6%
OPEB payable	3,316,770	3,193,092	123,678	3.9%
Total	<u>\$ 3,472,754</u>	<u>\$ 3,346,688</u>	<u>\$ 126,066</u>	3.8%

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees:

- Ad valorem taxes
- Interest Income
- Oil & Gas Royalties
- Projects under construction

One of the most important factors affecting the budget is the tax collections which is approximately 55.74 percent of budgeted revenues while contributions and other revenues are 44.26 percent. The General Fund's budget for expenditures in 2020 was \$9,966,255 of which \$4,093,544 or 41.07 percent was allocated to operating services and \$2,818,511 or 28.28 percent was allocated to personnel and related benefits.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Wayne Theall, external accountant, at 225-265-7547.

BASIC FINANCIAL STATEMENTS

STATE OF LOUISIANA
LAFORCHE BASIN LEVEE DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2020

	General Fund	Adjustments (Statement B)	Statement of Net Position
ASSETS			
Cash	\$ 451,439	\$ -	\$ 451,439
Investments	6,760,001	-	6,760,001
Accounts receivable	5,027,429	-	5,027,429
Capital assests, net of accumulated depreciation	-	1,091,319	1,091,319
TOTAL ASSETS	<u>12,238,869</u>	<u>1,091,319</u>	<u>13,330,188</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	-	237,482	237,482
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>237,482</u>	<u>237,482</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>12,238,869</u>	<u>1,328,801</u>	<u>13,567,670</u>
LIABILITIES			
Accounts payable and accruals	176,621	-	176,621
Accrued payroll and related liabilities	26,038	-	26,038
Compensated absence payable	-	155,984	155,984
OPEB payable	-	3,316,770	3,316,770
TOTAL LIABILITIES	<u>202,659</u>	<u>3,472,754</u>	<u>3,675,413</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to ad valorem taxes	157,533	(157,533)	-
Deferred inflows related to OPEB	-	634,999	634,999
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>157,533</u>	<u>477,466</u>	<u>634,999</u>
FUND BALANCE/NET POSITION			
Unassigned	<u>11,878,677</u>	<u>(11,878,677)</u>	
TOTAL FUND BALANCE	<u>11,878,677</u>	<u>(11,878,677)</u>	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 12,238,869</u>		
Net investment in capital assests		1,091,319	1,091,319
Unrestricted		8,165,939	8,165,939
TOTAL NET POSITION		<u>\$ 9,257,258</u>	<u>\$ 9,257,258</u>

The accompanying notes are an integral part of this financial statement

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION**
AS OF DECEMBER 31, 2020

Total Fund Balances for Governmental Funds (Statement A)		\$ 11,878,677
Total Net Position reported for governmental activities in the statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	4,769,856	
Less accumulated depreciation	<u>(3,678,537)</u>	1,091,319
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		
Net deferred outflows related to OPEB	<u>237,482</u>	237,482
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund liabilities.		
Compensated absences payable	(155,984)	
Other postemployment benefit payable	<u>(3,316,770)</u>	(3,472,754)
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		
Net deferred inflows related to ad valorem taxes	157,533	
Net deferred inflows related to OPEB	<u>(634,999)</u>	(477,466)
Net Position of Governmental Activities (Statement A)		<u>\$ 9,257,258</u>

The accompanying notes are an integral part of this financial statement

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE AND STATEMENT OF ACTIVITIES**
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Adjustments (Statement D)	Statement of Activities
EXPENDITURES / EXPENSES			
Personnel services and related benefits	\$ 2,453,948	\$ (103,415)	\$ 2,350,533
Travel	29,863	-	29,863
Professional services	95,293	-	95,293
Operating services	746,806	-	746,806
Supplies	153,581	-	153,581
Capital outlay	2,172,555	(223,090)	1,949,465
Depreciation	-	380,486	380,486
Total Expenditure/Expenses	<u>5,652,046</u>	<u>53,981</u>	<u>5,706,027</u>
PROGRAM REVENUES			
Capital grants and contributions	<u>820,712</u>		<u>820,712</u>
NET PROGRAM EXPENSES			
			<u>4,885,315</u>
GENERAL REVENUES			
Ad valorem taxes	4,564,439	4,719	4,569,158
Interest income	139,781	-	139,781
Licenses and permits	34,300	-	34,300
Royalties and surface permits	9,351	-	9,351
Miscellaneous	56,117	-	56,117
Total General Revenues	<u>4,803,988</u>	<u>4,719</u>	<u>4,808,707</u>
OTHER FINANCING SOURCES (USES)			
Net increase (decrease) in the fair value of investments	<u>(24,824)</u>	<u>-</u>	<u>(24,824)</u>
Total other financing sources (uses)	<u>(24,824)</u>	<u>-</u>	<u>(24,824)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(52,170)	52,170	NONE
CHANGE IN NET POSITION			
	NONE	(101,432)	(101,432)
FUND BALANCE/NET POSITION			
Beginning of the year (restated - note 14)	<u>11,930,847</u>	<u>(2,572,157)</u>	<u>9,358,690</u>
End of the year	<u>\$ 11,878,677</u>	<u>\$ (2,621,419)</u>	<u>\$ 9,257,258</u>

The accompanying notes are an integral part of this financial statement

STATEMENT D

STATE OF LOUISIANA
LAFORCHE BASIN LEVEE DISTRICT
**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Fund (Statement C)	S	(52,170)
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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 are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	223,090	
Less accumulated depreciation	<u>(380,486)</u>	(157,396)

Some expenses such as compensated absences payable and other postemployment benefit payable that are reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

103,415

Revenues that are considered available to provide current financial resources to governmental funds; however, in the statement of activities, revenues that are not considered available are reported. This is the

Current year deferred inflows	157,533	
Prior year deferred inflows	<u>(152,814)</u>	4,719

Change in Net Position of Governmental Activities (Statement C)	S	<u>(101,432)</u>
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The accompanying notes are an integral part of this financial statement

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

INTRODUCTION

Lafourche Basin Levee District (District), a component unit of the State of Louisiana, was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute (R.S.) 38:291(F). The District is domiciled in Vacherie, Louisiana, and was created for the primary purpose of maintaining and operating the levee systems of all or portions of the following parishes: Ascension, Assumption, St. Charles, St. James, and St. John the Baptist. The District ensures the integrity of the levee system throughout the year and during times of emergency, responds with trained personnel and the necessary equipment to provide protection of lives and property. The Board of Commissioners administers the operations and responsibilities of the District in accordance with the provisions of Louisiana statute. The 11 members of the Board of Commissioners, which governs the District, are appointed by the governor of the State of Louisiana.

The Board President receives compensation of \$1,000 per month, and other commissioners, as authorized by R.S. 38:308, receive a per diem to attend meetings or conduct Board-approved business not to exceed \$113.75 per day up to 36 days per year.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by GASB. The accompanying financial statements have been prepared in accordance with such principles.

A. Reporting Entity

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The Levee District is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and can impose his will on the district. The accompanying general-purpose financial statements contain information only as to the transactions of the Lafourche Basin Levee District. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

B. Government-Wide and Fund Financial Statements

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements (individual major funds). The government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's General Fund is classified as governmental activities.

STATE OF LOUISIANA
LAFORCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Governmental Fund Balance Sheet/Statement of Net Position is presented on a consolidated basis; however, the governmental funds include only current financial resources available to pay for current-period expenditures and liabilities payable in the current period. Noncurrent resources and liabilities (e.g., capital assets, other postemployment benefits payable and compensated absences payable) are not reported in the governmental funds.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities is presented on a consolidated basis. Expenses on long-term obligations do not require the use of current financial resources and are not reported as expenditures in the governmental funds. In addition, the cost of capital outlays is allocated over their estimated useful lives as depreciation expense. The amount of capital outlays not meeting the capitalization threshold is reported as an expense (i.e., supplies).

Policies specific to the government-wide statements are as follows:

Capitalizing Assets: Tangible and/or intangible assets used in operations with an initial useful life that extends beyond two years and exceeds \$1,000 in cost are capitalized. Infrastructure assets such as levees, roads, and bridges are also capitalized along with interest on debt incurred during construction. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Position.

Indirect Expenses: Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the District has chosen not to do so.

C. Fund Accounting

The District uses its General Fund to report on its financial position 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 entity with a self-balancing set of accounts. Funds of the District are classified under one category, governmental. Governmental funds account for all or most of the District's general activities, including the collection and disbursement of specific or legally reserved monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include the General Fund, which accounts for all activities not required to be reported in another fund.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

D. Measurement Focus and Basis of Accounting

The accompanying government-wide financial statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operating of governmental and business-type activities are included in the Statement of Net Position. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated, and long-term obligations are reported.

The fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Operating statements present increases and decreases in net current assets. 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 collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year end. Expenditures for capital assets are reported as current expenses and such assets are not depreciated.

E. Budgetary Accounting

As required by the Louisiana Revised Statutes 39:1303, the District adopts an annual budget. Formal budgetary accounting is employed as a management control. The District prepares and adopts a budget prior to October 1 of each year for its General Fund.

The budget is prepared based on prior year’s revenues and expenditures and the estimated increase therein for the current year, where certain transactions are recorded on a basis other than GAAP. The basic differences arise through the accounting for budgetary purposes which differs from the basis of accounting applicable to the fund type when reporting on the operations in accordance with GAAP. The District amends its budget when projected revenues are expected to be less than budgeted revenues by 5% or more and/or projected expenditures are expected to be more than budgeted amounts by 5% or more. The Budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year.

The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

F. Cash and Cash Equivalents

Cash includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Currently, the District has no investments with maturities less than 90 days.

In accordance with R.S. 33:2955, the District, as a political subdivision, is authorized to invest funds in direct U.S. Treasury obligations, bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies backed by the full faith and credit of the United States of America, direct security repurchase agreements, time certificates of deposits, mutual or equity trusts fund institutions, guaranteed investment contracts, investment grade commercial paper, and bonds, debentures, notes or other indebtedness issued by a state of the United States or any such state's political subdivision that meet stated conditions.

G. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

H. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible fixed assets used by the District is charged as an expense against operations in the Statements of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Position. Expenditures for maintenance, repairs, and minor renewals are charged to earnings as incurred. Major expenditures for renewal and betterments are capitalized. The District's practice is to capitalize items with a unit cost of \$1,000 or greater. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

	<u>Years</u>
Buildings/improvements	15-45
Machinery/equipment	3-10

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

Employees earn annual and sick leave at varying rates, depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon determination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination.

The current portion of compensated absences payable (the amount estimated to be used during the period of availability) is recorded as a liability in the fund financial statements. The entire balance of compensated absences payable is recognized as a liability in the government-wide financial statements. The noncurrent portion represents a reconciling item between the fund and government-wide statements.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

K. Long-Term Obligations

Long-term liabilities consist of employee compensated absences and postretirement health care benefits. The District recognizes other postemployment benefits liability in the government-wide financial statements based on actuarially determined obligations under GASB No. 75.

L. Fund Balance - Governmental Funds

In the fund financial statements, fund balance for the governmental funds are classified as follows:

- a) *Non-spendable* - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b) *Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by ordinances or resolutions approved by the Board of the District.
- c) *Committed*- amounts that can be used only for specific purposes determined by a formal action of the Board. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of the District.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

L. Fund Balance - Governmental Funds (continued)

- d) *Assigned* – amounts that are constrained by the government’s intent to be used for specific purposes but are neither restricted or committed.
- e) *Unassigned* - all other spendable amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. When components of unrestricted fund balance can be used for the same purpose, committed fund balance is used first followed by unassigned fund balance.

Category	Governmental Fund
Unassigned	\$ 11,878,677
Total fund balance	\$ 11,878,677

M. Net Position

Government-wide Statement: Equity is classified as net position and comprises the various net earnings from revenues and expenses. Net position is classified in the following components:

- (a) *Investment in capital assets* consists of the District’s total investment in capital assets, net of accumulated depreciation and reduced by the outstanding debt attributable to these assets. The District does not have any outstanding debt obligations related to capital assets.
- (b) *Restricted net position* reflects the portion of net position with limitations imposed on it use by external parties such as creditors, grantors, or laws or regulations of other governments. The District does not have any restricted net.
- (c) *Unrestricted net position* is the balance of all other elements in the Statement of Net Position remaining after net investment in capital assets and restricted net position. Unrestricted net position is used for transactions relating to the general operations of the District and may be used at its discretion to meet current expenses and for any purpose.

N. Ad Valorem Taxes

Article 6, Section 39 of the Louisiana Constitution of 1974 provides that for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto, the District may levy annually a tax. Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. They are levied in November, billed in December, and become delinquent on January 1 of the following year.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

O. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position and Governmental Fund Balance Sheet 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 and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

In addition to liabilities, the Statement of Financial Position and Governmental Fund Balance Sheet will sometimes report 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 and so will not be recognized as an inflow of resources (revenues) until then.

P. Recent Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. The purpose of this statement was to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. Management has determined GASB 87 has no impact on the District's financials.

NOTE 2: CASH AND CASH EQUIVALENTS

At December 31, 2020, the District has cash (book balance) of \$451,389 in demand deposits.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be recovered. 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 District or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties. The District does not have a custodial credit risk policy.

At December 31, 2020, the District had \$492,998 in deposits (collective bank balances), which are secured from risk by federal deposit insurance plus pledged securities in the amount of \$504,725.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3: INVESTMENTS

At December 31, 2020 the District held investments totaling \$6,760,001 as follows:

	Reported Amount	Market Value
Louisiana Asset Management Pool	\$ 1,418,295	\$ 1,418,295
BNY Mellon	5,341,706	5,341,706
	\$ 6,760,001	\$ 6,760,001

Louisiana Asset Management Pool (LAMP)

Investments held at December 31, 2020, including \$1,418,295 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. LAMP investment guidelines and historical information are available on its website www.lamppool.com or can be obtained by phoning (504) 525-LAMP.

GASB Statement No 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments. LAMP is an investment pool, to the extent practical, invest in a manner consistent with GASB Statement No 79. The following facts are relevant for investment pools: (1) credit risk: LAMP is rated AAAM by Standard & Poor's; (2) custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required; (3) concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement; (4) interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consist of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investment is 88 days as December 31, 2020. (5) foreign current risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. If you have any questions, contact the LAMP administrative office at 800-249-5267.

STATE OF LOUISIANA
LAFORCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3: INVESTMENTS (continued)

BNY Mellon: At December 31, 2020, the District has investments held totaling \$5,341,706. A summary of the District's investment held are as follows:

Type of Investment	Percentage of Investments	Credit Quality Rating	Fair Value December 31, 2020
U.S. Treasury Notes ¹	0.0%	Aaa	\$ -
U.S. Treasury Bills	39.2%	Not Rated	2,094,784
General Obligation bonds:			
Federal Home Loan Mortgage Corp ¹	18.7%	Aaa	1,000,000
Caledonia Community Schools ²	3.8%	AA	200,980
State of Ohio ¹	1.9%	Aa1	100,566
University Fund - Texas A&M ¹	1.9%	Aaa	100,875
Colorado Housing & Finance Authority ¹	1.3%	Aaa	70,924
City of Manhattan KS ¹	4.0%	Aa2	213,022
City of Windom, MN ²	1.7%	AAA	92,697
City of Lubbock, Texas ²	2.9%	AA+	153,706
City of Port Huron, MI ²	3.7%	AA	200,112
University of Oklahoma ²	3.1%	AA-	163,628
JP Morgan U.S. Government ¹			
Money Market Fund	17.8%	Aaa-mf	950,412
Total	100.0%		5,341,706

¹ Credit quality ratings obtained from Moody

² Credit quality ratings obtained from S&P

Type of Investment	December 31, 2020				
	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	+10 Years
U.S. Treasury Notes	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Bills	2,094,784	2,094,784	-	-	-
General Obligation bonds:					
Federal Home Loan Mortgage Corp	1,000,000	-	1,000,000	-	-
Caledonia Community Schools	200,980	200,980	-	-	-
State of Ohio	100,566	100,566	-	-	-
University Fund - Texas A&M	100,875	100,875	-	-	-
Colorado Housing & Finance Authority	70,924	70,924	-	-	-
City of Manhattan KS	213,022	213,022	-	-	-
City of Windom, MN	92,697	-	92,697	-	-
City of Lubbock, Texas	153,706	-	153,706	-	-
City of Port Huron, MI	200,112	-	200,112	-	-
University of Oklahoma	163,628	-	163,628	-	-
JP Morgan U.S. Government					
Money Market Fund *	950,412	950,412	-	-	-
	\$ 5,341,706	\$ 3,731,563	\$1,610,143	NONE	NONE

* For money market funds, the cost of investments approximates fair value.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3: INVESTMENTS (continued)

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the District investments per R.S. 33:2955. The District does not have policies to further limit credit risk.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy states that the assets of the District shall be held in trust by the fiduciary (fiduciaries) designated by the District. For the U.S. Treasury obligations and U.S. Money Market funds, state law and District policy provides these are backed by the full faith and credit of the United States of America. Bonds issued by the State of Louisiana shall have a minimum investment grade rating of Baa3 or higher and have a final maturity of no more than three years.

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The District does not have policies to further limit concentration of credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State law as applicable to political subdivisions does not address interest rate risk. In addition, the District does not have policies to limit interest rate risk.

INVESTMENTS – FAIR VALUE MEASUREMENT

GASB Statement No. 72, *Fair Value Measurement and Application*, requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

- *Level 1 inputs* – the valuation is based on quoted market prices for identical assets or liabilities traded in active markets;
- *Level 2 inputs* – the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability; and
- *Level 3 inputs* – the valuation is determined by using the best information available under the circumstances and might include the government's own data.

In developing unobservable inputs, a government may begin with its own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3: INVESTMENTS (continued)

INVESTMENTS – FAIR VALUE MEASUREMENT

Fair values of assets measured on a recurring basis at December 31, 2020, are as follows:

Type of Investment	Fair Value December 31,	Fair Value Hierarchy		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury Bills	\$ 2,094,784	\$ -	\$ 2,094,784	\$ -
General Obligation bonds:				
Federal Home Loan Mortgage Corp ¹	1,000,000	-	1,000,000	-
Caledonia Community Schools ²	200,980	-	200,980	-
State of Ohio ¹	100,566	-	100,566	-
University Fund - Texas A&M ¹	100,875	-	100,875	-
Colorado Housing & Finance Authority ¹	70,924	-	70,924	-
City of Manhattan KS ¹	213,022	-	213,022	-
City of Wndom, MN ²	92,697	-	92,697	-
City of Lubbock, Texas ²	153,706	-	153,706	-
City of Port Huron, MI ²	200,112	-	200,112	-
University of Oklahoma ²	163,628	-	163,628	-
JP Morgan U.S. Government Money Market Fund	950,412	-	950,412	-
Total	<u>\$ 5,341,706</u>	<u>NONE</u>	<u>\$ 5,341,706</u>	<u>NONE</u>

Fair values for the District's investments categorized in Level 2 have been provided by the District's investment advisors or other sources and are based on other observable inputs. The District has no investments categorized in Level 1 or Level 3.

NOTE 4: ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at December 31, 2020:

Ad valorem taxes	\$ 4,467,922
Interest on investments	11,897
Due from other governmental agencies	539,041
Due from others	8,569
Total accounts receivable	<u>\$ 5,027,429</u>

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5: CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended December 31, 2020, follows:

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020
Capital assets not being depreciated:				
Land	\$ 130,227	\$ -	\$ -	\$ 130,227
Total capital assets not being depreciated	<u>130,227</u>	<u>-</u>	<u>-</u>	<u>130,227</u>
Capital assets being depreciated:				
Building & improvements	574,167	-	-	574,167
Machinery & equipment	3,842,372	223,090	-	4,065,462
Total capital assets being depreciated	<u>4,416,539</u>	<u>223,090</u>	<u>-</u>	<u>4,639,629</u>
Less accumulated depreciation:				
Building & improvements	(409,093)	(14,354)	-	(423,447)
Machinery & equipment	(2,888,958)	(366,132)	-	(3,255,090)
Total accumulated depreciation	<u>(3,298,051)</u>	<u>(380,486)</u>	<u>-</u>	<u>(3,678,537)</u>
Capital assets, net	<u>\$ 1,248,715</u>	<u>\$ (157,396)</u>	<u>\$ -</u>	<u>\$ 1,091,319</u>

Depreciation expense for the year ended December 31, 2020 was \$380,486

NOTE 6: ACCOUNTS PAYABLE

The following is a summary of accounts payable and accruals at December 31, 2020:

Class of Payable	Government Fund
Vendors	\$ 176,621
Payroll and related benefits	26,038
Total Payables	<u>\$ 202,659</u>

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7: COMPENSATED ABSENCES

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. However, unused sick leave is not paid upon termination.

In the government-wide financial statements, the net change in accumulated annual leave liability is recorded as an expense and the total a long-term obligation. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

At December 31, 2020, employees of the District have accumulated and vested annual leave of \$155,984. The balance was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements

NOTE 8: EMPLOYEE BENEFITS - OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the Pension Plan

The District may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all employees become eligible for those benefits if they reach normal retirement age while working for the District and were covered by the District's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

Plan Description and Benefits Provided

The Office of Group Benefits (OGB) administers the State of Louisiana Post-Retirement Benefits Plan – a defined-benefit, multiple-employer other postemployment benefit plan. The plan provides medical, prescription drug, and life insurance benefits to retirees, disabled retirees, and their eligible beneficiaries through premium subsidies. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they are enrolled in the OGB health plan immediately before the date of retirement and retire under one of the state sponsored retirement systems (Louisiana State Employees' Retirement System, Teachers' Retirement System of Louisiana, Louisiana School Employees' Retirement System, or Louisiana State Police Retirement System,) or they retire from a participating employer that meets the qualifications in the Louisiana Administrative Code 32:3.303. Benefit provisions are established under R.S. 42:851 for health insurance benefits and R.S. 42:821 for life insurance benefits. The obligations of the plan members, employer(s), and other contributing entities to contribute to the plan are established or may be amended under the authority of R.S. 42:802.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8: EMPLOYEE BENEFITS – OPEB (continued)

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75. Effective July 1, 2008, an OPEB trust fund was statutorily established; however, this plan is not administered as a trust and no plan assets have been accumulated as of June 30, 2020. The plan is funded on a “pay-as-you-go basis” under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due.

Employer contributions are based on plan premiums and the employer contribution percentage. Premium amounts vary depending on the health plan selected and if the retired member has Medicare coverage. OGB offers retirees four self-insured healthcare plans and one fully insured plan. Retired employees who have Medicare Part A and Part B coverage also have access to four fully insured Medicare Advantage plans.

The employer contribution percentage is based on the date of participation in an OGB plan and employee years of service at retirement. Employees who begin participation or rejoin the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65, who pay approximately 25% of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer and retiree is based on the following schedule:

<u>OGB Participation</u>	<u>Employer Contribution Percentage</u>	<u>Retiree Contribution Percentage</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retiree and spouses of retirees’ subject to maximum values. Employers pay approximately 50% of monthly premiums for individuals. The retiree is responsible for 100% of the premium for dependents. Effective January 1, 2018, the total monthly premium for retirees varies according to age group.

Total Collective OPEB Liability and Changes in Total Collective OPEB Liability

At December 31, 2020, the District reported a liability of \$3,316,770 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2020 and was determined by an actuarial valuation as of that date.

The District’s proportionate share percentage is based on the employer’s individual OPEB actuarial accrued liability in relation to the total OPEB actuarial accrued liability for all participating entities included in the State of Louisiana reporting entity. At December 31, 2020 the District’s proportion was 0.0400% and the change in proportion from the prior measurement date was 0.0413% or a decrease of 0.0013%.

STATE OF LOUISIANA
LAFORCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8: EMPLOYEE BENEFITS – OPEB (continued)

Actuarial assumptions and other inputs. The total collective OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial methods, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Cost Method – Entry Age Normal, Level percentage of pay
- Estimated Remaining Service Lives – 4.5
- Inflation rate – Consumer Price Index (CPI) 2.80%
- Salary increase rate – consistent with the pension valuation assumptions
- Discount rate – decreased from 2.79% to 2.66% based on S&P 20-year municipal bond index rate
- Mortality rates - updated from the RP-2014 Healthy Annuitant and Employee tables for males and females with generational projections using projection scale MP-2017 to the RP-2014 Healthy Annuitant and Employee tables for males and females using projection scale MP-2018
- Healthcare cost trend rates - 7% for pre-Medicare eligible employees grading down by .25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2029; 5.5% for post-Medicare eligible employees grading down by .25% each year beginning in 2020-2021, to an ultimate rate of 4.5% in 2023-2024 and thereafter; the initial trend was developed using the National Health Care Trend Survey; the ultimate trend was developed using a building block approach which considers Consumer Price Index, Gross Domestic Product, and technology growth

Changes of the assumptions and other inputs reflect a change in the discount rate from 2.79% as of July 1, 2019, to 2.66% as of July 1, 2020.

Sensitivity of the proportionate share of the total collective OPEB liability to changes in the discount rate.

The following presents the District’s proportionate share of the total collective OPEB liability using the current discount rate as well as what the District’s proportionate share of the total collective OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	(1.66%)	(2.66%)	(3.66%)
Proportionate Share of Total Collective OPEB Liability	\$ 4,000,956	\$ 3,316,770	\$ 2,786,647

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8: EMPLOYEE BENEFITS – OPEB (continued)

Sensitivity of the proportionate share of the total collective OPEB liability to changes in the healthcare cost trend rates.

The following presents the District’s proportionate share of the total collective OPEB liability using the current healthcare cost trend rates, as well as what the District’s proportionate share of the total collective OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	<u>1.0% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1.0% Increase</u>
Proportionate Share of Total Collective OPEB Liability	\$ 2,757,465	\$ 3,316,770	\$ 4,049,987

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended, December 31, 2020, the District recognized OPEB expense of \$71,977. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumption or other inputs	\$ 86,716	\$ (317,390)
Differences between expected and actual experience	76,281	(6,384)
Changes in employer's proportionate share	39,402	(174,256)
Difference between proportionate share of employer benefit payments and actual benefit payments	-	(136,969)
Amounts paid by the employer for OPEB subsequent to the measurement date	35,083	-
Total	<u>\$ 237,482</u>	<u>\$ (634,999)</u>

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8: EMPLOYEE BENEFITS – OPEB (continued)

Deferred outflows of resources related to OPEB resulting from the District’s benefit payments subsequent to the measurement date will be recognized as a reduction of the total collective OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	
2021	\$ 198,557
2022	156,081
2023	75,565
2024	<u>2,398</u>
	<u>\$ 432,601</u>

NOTE 9: LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended December 31, 2020:

	<u>Balance</u> <u>December 31,</u> <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2020</u>	<u>Portion</u> <u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 153,596	\$ 97,560	\$ 95,172	\$ 155,984	\$ 97,560
OPEB Payable	<u>3,193,092</u>	<u>123,678</u>	<u>-</u>	<u>3,316,770</u>	<u>-</u>
Total	<u>\$ 3,346,688</u>	<u>\$ 221,238</u>	<u>\$ 95,172</u>	<u>\$ 3,472,754</u>	<u>\$ 97,560</u>

NOTE 10: DEFERRED COMPENSATION PLAN

Effective July 17, 2000, the District established an Internal Revenue Code 457 (Section 457 Plan) with Travelers Insurance Company adopting Travelers Allocated Contracts which allows each participant to choose from four or more plans offered. The plan provides each participant their own account with the ability to administer their investment accounts. The District’s contribution to the Section 457 Plan was \$261,941 for the year ended December 31, 2020.

STATE OF LOUISIANA
LAFORCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11: CLAIMS AND LITIGATION

The District is involved in several legal claims arising in the ordinary course of operations. In the opinion of management and the legal defense, an award is deemed to be less than likely and would not materially affect the financial statements of the District. Therefore, no loss contingency has been accrued.

NOTE 12: 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; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

NOTE 13: SUBSEQUENT EVENTS:

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 24, 2021, the date the financial statements were available to be issued.

NOTE 14: RESTATEMENT OF BEGINNING FUND BALANCE/NET POSITION:

The beginning fund balance and beginning net position as reflected on Statement B has been restated to reflect the following changes:

	General Fund Fund Balance	Government-Wide Net Position
Fund Balance/Net Position at December 31, 2019	\$ 11,869,074	\$ 9,296,917
Correction of expenditure overpayment	61,773	61,773
Beginning Fund Balance/Net Position, as restated	\$ 11,930,847	\$ 9,358,690

During the year ended December 2019, the District overpaid engineering services regarding the Upper Barataria Risk Reduction Project. The overpayment in the amount of \$61,773 was improperly recognized as an expenditure in 2019 and the funds have been recovered. An adjustment has been included in the beginning balances of the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities to reflect the corrected expenditures.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)

STATE OF LOUISIANA
LAFORCHE BASIN LEVEE DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 4,211,000	\$ 4,211,000	\$ 4,564,439	\$ 353,439
Capital grants and contributions	3,215,189	3,215,189	820,712	(2,394,477)
Interest Income	103,150	103,150	139,781	36,631
Licenses and permits	25,000	25,000	34,300	9,300
Royalties and leases	-	-	9,351	9,351
Miscellaneous	-	-	56,117	56,117
Total general revenues	<u>7,554,339</u>	<u>7,554,339</u>	<u>5,624,700</u>	<u>(1,929,639)</u>
EXPENDITURES / EXPENSES				
General Government				
Personnel services and related benefits	2,818,511	2,818,511	2,453,948	364,563
Travel	100,200	100,200	29,863	70,337
Professional services	-	-	95,293	(95,293)
Operating services	4,093,544	4,093,544	746,806	3,346,738
Supplies	465,150	465,150	153,581	311,569
Capital outlay and levee maintenance	2,488,850	2,488,850	2,172,555	316,295
Total expenditures / expenses	<u>9,966,255</u>	<u>9,966,255</u>	<u>5,652,046</u>	<u>4,314,209</u>
OTHER FINANCING SOURCES (USES)				
Net increase (decrease) in the fair value of investments	-	-	(24,824)	(24,824)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(24,824)</u>	<u>(24,824)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>\$ (2,411,916)</u>	<u>\$ (2,411,916)</u>	<u>\$ (52,170)</u>	<u>\$ (2,409,394)</u>
FUND BALANCE				
Beginning of the year (Restated)	<u>11,878,676</u>	<u>11,878,676</u>	<u>11,878,676</u>	
End of the year	<u>\$ 9,466,760</u>	<u>\$ 9,466,760</u>	<u>\$ 11,826,506</u>	
Reconcile budget to GAAP basis: (See Note 1E)				
			(52,170)	
			223,090	
			103,415	
			(380,486)	
			4,719	
		GAAP basis	<u>\$ (101,432)</u>	

See independent auditor's report and accompanying note to the required supplementary information.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE
OF THE TOTAL COLLECTIVE OPEB LIABILITY**
FOR THE YEARS ENDED DECEMBER 31,

Fiscal Year End*	Employer's Portion of the total collective OPEB liability	Employer's proportionate share of the total collective OPEB liability	Employer's covered- employee payroll	Employer's proportionate share of the total collective liability as a percentage of the covered-employee payroll
2016	0.0417%	\$ 3,783,152	\$ 1,300,728	34.38%
2017	0.0417%	\$ 3,623,789	\$ 1,381,266	38.12%
2018	0.0430%	\$ 3,669,576	\$ 1,319,581	35.96%
2019	0.0413%	\$ 3,193,092	\$ 1,287,876	40.33%

*The amounts presented for each fiscal year were determined as of the measurement date (July1).

This schedule is intended to show information for 10 years. Additional years will be presented as they become available.

See independent auditor's report and accompanying note to the required supplementary information

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31,

NOTE 1: BUDGETARY COMPARISON SCHEDULE- GENERAL (statement 1)

While the District reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Budgetary Comparison Schedule presented as RSI is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis has been reconciled to the GAAP basis for the General Fund for the year ended December 31, 2020

NOTE 2: SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE TOTAL COLLECTIVE OPEB LIABILITY (statement 2)

There are no assets accumulated in a trust that meets the requirements in paragraph 4 of GASB Statement 75 to pay related benefits.

Changes in assumptions –

In the valuation for 2017, the discount rate increased from 2.71% to 3.13%

In the valuation for 2018, the discount rate decreased from 3.13% to 2.98%

In the valuation for 2019, the discount rate decreased from 2.98% to 2.79%

In the valuation for 2020, the discount rate decreased from 2.79% to 2.66%

Change in population – (changes in census data)

2017: Changes includes an increase in participating employees at July 1, 2017 from 36 to 38 employees.

2018: Changes includes an increase in participating employees at July 1, 2018 from 38 to 42 employees.

2019: Changes includes an increase in participating employees at July 1, 2019 from 42 to 44 employees.

2020: Changes includes a decrease in participating employees at July 1, 2020 from 44 to 43 employees.

OTHER SUPPLEMENTAL INFORMATION

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
SCHEDULE OF PER DIEM PAID BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2020

Name	Title	Amount
Craig Carter	Vice-President	\$ 4,095
Arthur Bosworth	Commissioner	2,047
Kevin Hebert	Commissioner	3,299
Jeffery Henry	Commissioner	3,754
James Jasmin	President	12,000
Whitney Jasmin, Jr.	Commissioner	2,047
Russell Loupe	Commissioner	4,095
Mike McKinney, Sr.	Past President	4,095
Eric Matherne	Commissioner	3,868
Marlin Rogers	Commissioner	3,640
Gary Watson	Commissioner	4,095
Larry Sorapuru	Commissioner	1,934
		<u>\$ 48,969</u>

The schedule of compensation paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

The Board President receives compensation of \$1,000 per month, and the other commissioners, as authorized by Louisiana Revised Statute 38:308 receive a per diem to attend meetings or conduct board-approved business not to exceed \$113.75 per day up to 36 days per year.

See independent auditor's report.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2020**

AGENCY HEAD: Donald Ray Henry, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 128,891
Benefits-Insurance	19,566
Benefits - Retirement	25,998
Vehicle provided by government	606
Cell phone	1,459
Dues	-
Other	140
Total	<u>\$ 176,660</u>

See independent auditor's report.

OTHER REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITORS' 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

Board of Commissioners
Lafourche Basin Levee District
State of Louisiana
Vacherie, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of American 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-type activities, each major fund of the Lafourche Basin Levee District (the "District"), a component unit of the State of Louisiana, as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated June 24, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that I have not identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my test did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Lenora B Krielow

Certified Public Accountant

Jennings, Louisiana
June 24, 2021

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I - SUMMARY OF AUDITOR'S FINDING AND RESPONSES

FINANCIAL STATEMENTS

1. Type of auditor's report issued
The auditor's report expresses an **unmodified opinion** on the financial statements of the Lafourche Basin Levee Districts' financial statements as of and for the year ended December 31, 2020
2. Internal control over financial reporting
 1. Material weaknesses identified? **NO**
 2. Significant Deficiencies identified? **None Reported**
3. Noncompliance material to the financial statements noted? **NO**

FEDERAL AWARDS

Not Applicable

MANAGEMENT LETTER

No management letter was issued in connection with the audit for the year ended December 31, 2020.

SECTION III – FINDINGS RELATING TO FINANCIAL REPORTING

CURRENT YEAR FINDINGS: NONE REPORTED

PRIOR YEAR FINDINGS: NONE REPORTED

SECTION III – FINDINGS AND QUESTIONED COST RELATED TO FEDERAL PROGRAMS

As December 31, 2020, the Lafourche Basin Levee District did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore, this section is not applicable.