

**SUB-DRAINAGE DISTRICT NO. 3 OF GRAVITY DRAINAGE
DISTRICT NO. 5 OF THE PARISH OF ST. TAMMANY,
STATE OF LOUISIANA**

Financial Statements with Supplementary Information

December 31, 2022

(With Independent Accountants' Compilation Report Thereon)

**SUB-DRAINAGE DISTRICT NO. 3 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Table of Contents

	<u>Page</u>
Independent Accountants' Compilation Report	1 - 2
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds	5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	7
Notes to Financial Statements	8
Required Supplementary Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	9
Other Supplementary Information:	
Schedule of Compensation, Benefits and Other Payments to Agency Head	10
Schedule of Compensation Paid to Board Members	11
Schedule of Findings and Management Corrective Action Plan	12
Status of Prior Year Findings	13



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Independent Accountants' Compilation Report

**Board of Commissioners
Sub-Drainage District No. 3 of Gravity Drainage District No. 5
of the Parish of St. Tammany, State of Louisiana
Covington, Louisiana**

Management is responsible for the accompanying basic financial statements of the governmental activities of Sub-Drainage District No. 3 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, 2022, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Other Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to agency head on page 10 and schedule of compensation paid to board members on page 11 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the representation of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the representation of management. This information was subject to our compilation engagement; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

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Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other Matters

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Griffin & Furman, LLC

February 24, 2023

**SUB-DRAINAGE DISTRICT NO. 3 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Statement of Net Position

December 31, 2022

(See Independent Accountants' Compilation Report)

<u>Assets</u>		
Cash & cash equivalents	\$ 58,223	
Prepaid insurance	3,345	
Capital assets	<u>177,795</u>	
		<u>\$ 239,363</u>
<u>Liabilities & Net Position</u>		
Net Position:		
Net investment in capital assets	\$ 177,795	
Unrestricted	<u>61,568</u>	
Total net position		<u>239,363</u>
Total liabilities & net position		<u>\$ 239,363</u>

**SUB-DRAINAGE DISTRICT NO. 3 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Statement of Activities

For the Year Ended December 31, 2022

(See Independent Accountants' Compilation Report)

Expenses:		
Accounting & audit	\$	(3,400)
Assessor's office parcel fee		(302)
Bank charges		(685)
Depreciation		(29,342)
Sheriff's collection fee		(4,070)
Insurance		(3,307)
Repairs & maintenance		(4,000)
Management fee		<u>(2,500)</u>
Total expenses		(47,606)
 General Revenues:		
Parcel fees		<u>54,200</u>
Total general revenues		54,200
 Non-Operating Revenue (Expense):		
Interest income		<u>123</u>
Total non-operating revenue (expense)		<u>123</u>
Change in net position		6,717
Net position - beginning of year		525,390
Prior period adjustment (See Note 1)		<u>(292,744)</u>
Net position - beginning of year, as restated		<u>232,646</u>
Net position - end of year	\$	<u><u>239,363</u></u>

**SUB-DRAINAGE DISTRICT NO. 3 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Governmental Funds

Balance Sheet

December 31, 2022

(See Independent Accountants' Compilation Report)

	<u>Assets</u>		
	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Current Assets:			
Cash & cash equivalents	\$ 16,644	41,579	58,223
Prepaid insurance	<u>3,345</u>	<u>-</u>	<u>3,345</u>
	<u>\$ 19,989</u>	<u>41,579</u>	<u>61,568</u>

	<u>Liabilities & Fund Balances</u>		
Fund Balance:			
Committed to capital projects	\$ 16,644	41,579	58,223
Nonspendable	<u>3,345</u>	<u>-</u>	<u>3,345</u>
Total fund balances	<u>19,989</u>	<u>41,579</u>	<u>61,568</u>
Total liabilities & fund balances	<u>\$ 19,989</u>	<u>41,579</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>177,795</u>
Net position of governmental activities	<u>\$ 239,363</u>

**SUB-DRAINAGE DISTRICT NO. 3 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, 2022

(See Independent Accountants' Compilation Report)

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:			
Parcel fees	\$ -	54,200	54,200
Interest income	19	104	123
	19	54,304	54,323
Total revenues			
Expenditures:			
General			
Administrative expense	6,163	631	6,794
Accounting & audit	3,400	-	3,400
Sheriff's collection fee	-	4,070	4,070
Repairs & maintenance	-	4,000	4,000
Capital outlay	-	38,009	38,009
	9,563	46,710	56,273
Total expenditures			
Other financing sources:			
Transfers (to)/from other funds	(19,769)	19,769	-
	(19,769)	19,769	-
Total other financing sources			
Net change in fund balances	(29,313)	27,363	(1,950)
Fund balances, beginning of period	49,302	14,216	63,518
Fund balances, end of period	\$ 19,989	41,579	61,568

**SUB-DRAINAGE DISTRICT NO. 3 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, 2022

(See Independent Accountants' Compilation Report)

Net change in fund balances - total governmental funds	\$ (1,950)
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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.**

8,667

Change in net position of governmental activities	\$ <u><u>6,717</u></u>
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**SUB-DRAINAGE DISTRICT NO. 3 OF GRAVITY DRAINAGE DISTRICT NO. 5
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

Notes to Financial Statements

December 31, 2022

(See Independent Accountants' Compilation Report)

(1) Prior Period Adjustment

During prior periods, certain capital assets had been classified as having indeterminable lives and thus were not depreciated. In the current year, the District determined that these assets did have determinable lives and recorded a prior period adjustment to record the related deprecation that should have been recorded during the prior periods. In the government-wide financial statements, this adjustment decreased capital assets and net position by \$292,744. This adjustment had no effect on the fund financial statements.

**SUB-DRAINAGE DISTRICT NO. 3 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 - Budget and Actual (Budgetary Basis) - General Fund**

For the Year Ended December 31, 2022

(See Independent Accountants' Compilation Report)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Parcel Fees	\$ -	-	-	-
Interest income	<u>20</u>	<u>20</u>	<u>20</u>	<u>-</u>
Total revenues	<u>20</u>	<u>20</u>	<u>20</u>	<u>-</u>
Expenditures:				
General				
Administrative expense	5,930	5,930	6,163	(233)
Accounting & audit	<u>3,700</u>	<u>3,700</u>	<u>3,400</u>	<u>300</u>
Total expenditures	<u>9,630</u>	<u>9,630</u>	<u>9,563</u>	<u>67</u>
Other:				
Transfers (to)/from other funds	<u>9,610</u>	<u>9,610</u>	<u>47,642</u>	<u>(38,032)</u>
Net change in fund balances	-	-	38,099	38,099
Fund balances, beginning of period	<u>11,337</u>	<u>11,337</u>	<u>11,337</u>	<u>-</u>
Fund balances, end of period	<u>\$ 11,337</u>	<u>11,337</u>	<u>49,436</u>	<u>38,099</u>

**SUB-DRAINAGE DISTRICT NO. 3 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, 2022

Peter Persson, Chairman of the District, received no compensation, benefits, or other payments of any kind during the year ended December 31, 2022.

**SUB-DRAINAGE DISTRICT NO. 3 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, 2022

Clayton Boyce 132 Redbud Court Covington, Louisiana 70433	\$ -
Wayne Kempff 19 Sycamore Street Covington, Louisiana 70433	-
Peter Persson 57 Walnut Place Covington, Louisiana 70433	-
Total	\$ <u>-</u>

**SUB-DRAINAGE DISTRICT NO. 3 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, 2022

Finding 2022-1:

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.

**SUB-DRAINAGE DISTRICT NO. 3 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, 2022

Finding 2021-1:

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:

There is no change in the status of this comment.