

LAFOURCHE BASIN LEVEE DISTRICT

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

VACHERIE, LOUISIANA

FINANCIAL STATEMENT AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2019

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 the General 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, 2019, 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, 2019, 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 Management's Discussion and Analysis and the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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 made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head, and the schedule of per diem paid to the members of the board of commissioners, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other accompanying supplementary information listed in the table of contents are the responsibility of management and was derived from and related 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 22, 2020, 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 22, 2020

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2019

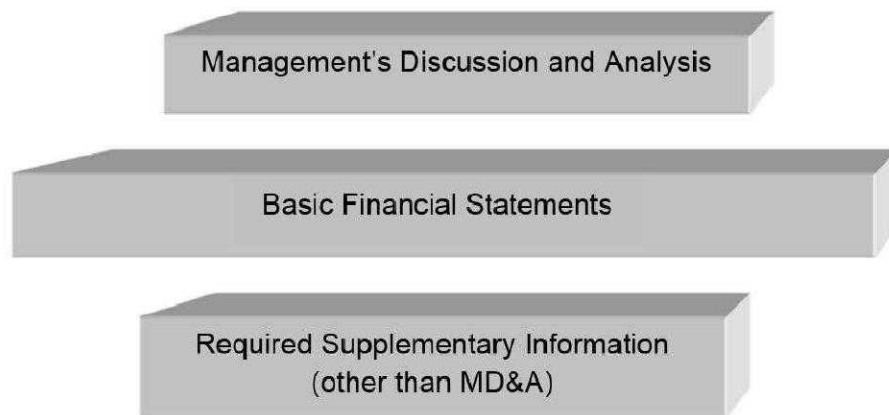
Management's Discussion and Analysis of the Lafourche Basin Levee District (District)' s financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2019. This document focuses on the current year' s activities, resulting changes, 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 2019 by \$9,296,917 which represents an 8.7% decrease from last fiscal year.
- The District's general revenue's totaled \$5,057,361 for the year ended December 31, 2019. 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 \$6,519,686 for the year ended December 31, 2019. These expenditures are comprised primarily of operating services, and personnel expenses. Expenses increased slightly by \$32,257 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
LAFOURCHE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2019

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, 2019

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, 2019, and December 31, 2018

	<u>2019</u>	<u>2018</u>	<u>Variance</u>	<u>Percentage Change</u>
Assets				
Current assets	\$ 12,221,108	\$ 13,179,484	\$ (958,376)	(7.3%)
Capital assets, net	<u>1,248,715</u>	<u>1,311,907</u>	<u>(63,192)</u>	(4.8%)
Net Total Assets	<u>13,469,823</u>	<u>14,491,391</u>	<u>(1,021,568)</u>	
Deferred outflows of resources	<u>137,790</u>	<u>34,096</u>	<u>103,694</u>	304.1%
Liabilities				
Current liabilities	268,158	326,691	(58,533)	(17.9%)
Noncurrent liabilities	<u>3,754,235</u>	<u>3,669,576</u>	<u>84,659</u>	2.3%
Total Liabilities	<u>4,022,393</u>	<u>3,996,267</u>	<u>26,126</u>	
Deferred inflows of resources	<u>764,788</u>	<u>347,349</u>	<u>417,439</u>	120.2%
Net Position:				
Net Investment in capital assets	1,248,715	1,311,907	(63,192)	(4.8%)
Unrestricted	<u>8,048,202</u>	<u>8,869,964</u>	<u>(821,762)</u>	(9.3%)
Total net position	<u>\$ 9,296,917</u>	<u>\$ 10,181,871</u>	<u>\$ (884,954)</u>	(8.7%)

The schedule is prepared from the District's Statement of Net Position which is presented on an accrual basis of accounting. Significant changes for 2019 include:

- Current assets decreased by \$958,376 over the prior year, mainly from the decrease in investments.
- Capital assets decreased \$63,192 over the prior year, mainly due decreased in capital spending.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2019

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, 2019, and December 31, 2018

	2019	2018	Change	Percentage Change
Revenues				
General revenues				
Ad valorem taxes	4,703,251	4,116,383	586,868	14.3%
State revenue sharing	72,642	68,325	4,317	6.3%
Parish reimbursements	516,930	54,235	462,695	853.1%
Interest earnings	256,889	130,463	126,426	96.9%
Licenses and permits	28,250	41,100	(12,850)	(31.3%)
Royalties and leases	14,768	18,878	(4,110)	(21.8%)
Miscellaneous				
Investment income (loss)	(12,201)	67,114	(79,315)	(118.2%)
Other	54,203	30,923	23,280	75.3%
Total revenues	<u>5,634,732</u>	<u>4,527,421</u>	<u>1,107,311</u>	<u>24.5%</u>
Expenses				
Personnel Services and related benefits	\$ 2,309,273	\$ 2,659,972	\$ (350,699)	(13.2%)
Travel	60,598	7,599	52,999	697.4%
Professional Services	83,344	46,213	37,131	80.3%
Supplies	298,548	267,286	31,262	11.7%
Operating Services	3,334,215	3,131,705	202,510	6.5%
Depreciation	433,708	374,654	59,054	15.8%
Total expenditure/expenses	<u>6,519,686</u>	<u>6,487,429</u>	<u>32,257</u>	<u>0.5%</u>
Change in net position	(884,954)	(1,960,008)	1,075,054	24.0%
Net position, beginning	<u>10,181,871</u>	<u>12,141,879</u>	<u>(1,960,008)</u>	<u>(16.1%)</u>
Net position, ending	<u>\$ 9,296,917</u>	<u>\$ 10,181,871</u>	<u>\$ (884,954)</u>	<u>(8.7%)</u>

The District's net expenses increased \$32,257 from the previous fiscal year. Although operating and other expenses increased by \$382,956, personnel expenses decreased by \$350,699. The majority of the personnel decrease is related to less personnel expenses as higher paying employees are replaced with lower paying, either through retirements or voluntary leave.

STATE OF LOUISIANA
LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2019, totaled \$1,248,715. This amount represents a net decrease (including additions and disposals, net of depreciation) of \$63,192 or 4.8% 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, 2019 and December 31, 2018

	<u>2019</u>	<u>2018</u>	<u>Variance</u>	<u>Percent Change</u>
Land	\$ 130,227	\$ 130,227	\$ -	0.0%
Building & Improvements	165,074	179,430	(14,356)	-8.0%
Machinery and Equipment	953,414	1,002,250	(48,836)	(4.9%)
Total	<u>\$ 1,248,715</u>	<u>\$ 1,311,907</u>	<u>\$ (63,192)</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, 2019 totaled \$3,346,688. This amount represents a net decrease of \$463,338 over the previous fiscal year. The primary reason for the decrease is the change in the valuation of the OPEB payable of \$476,484.

Long-Term Liabilities at Year-End

	<u>2019</u>	<u>2018</u>	<u>Variance</u>	<u>Percent Change</u>
Compensated absences payable	\$ 153,596	\$ 140,450	\$ 13,146	9.4%
OPEB payable	<u>3,193,092</u>	<u>3,669,576</u>	<u>(476,484)</u>	<u>-13.0%</u>
Total	<u>\$ 3,346,688</u>	<u>\$ 3,810,026</u>	<u>\$ (463,338)</u>	<u>-12.2%</u>

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2019

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 92.7 percent of budgeted revenues while contributions and other revenues are 7.3 percent. The General Fund's budget for expenditures in 2019 was \$6,872,291 of which \$3,152,035 or 45.8 percent was allocated to operating services and \$2,654,316 or 38.6 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

STATEMENT A

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2019

	General Fund	Adjustments (Statement B)	Statement of Net Position
ASSETS			
Cash	\$ 216,285	\$ -	\$ 216,285
Investments	7,595,635	-	7,595,635
Accounts receivable	4,409,188	-	4,409,188
Capital assests, net of accumulated depreciation	-	1,248,715	1,248,715
TOTAL ASSETS	<u>12,221,108</u>	<u>1,248,715</u>	<u>13,469,823</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	-	137,790	137,790
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>137,790</u>	<u>137,790</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>12,221,108</u>	<u>1,386,505</u>	<u>13,607,613</u>
LIABILITIES			
Accounts payable and accruals	183,659	-	183,659
Accrued payroll and related liabilities	15,561	-	15,561
Compensated absence payable	-	153,596	153,596
OPEB payable	-	3,193,092	3,193,092
TOTAL LIABILITIES	<u>199,220</u>	<u>3,346,688</u>	<u>3,545,908</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to ad valorem taxes	152,814	(152,814)	-
Deferred inflows related to OPEB	-	764,788	764,788
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>152,814</u>	<u>611,974</u>	<u>764,788</u>
FUND BALANCE/NET POSITION			
Unassigned	<u>11,869,074</u>	<u>(11,869,074)</u>	
TOTAL FUND BALANCE	<u>11,869,074</u>	<u>(11,869,074)</u>	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 12,221,108</u>		
Net investment in capital assests		1,248,715	1,248,715
Unrestricted		8,048,202	8,048,202
TOTAL NET POSITION		<u>\$ 9,296,917</u>	<u>\$ 9,296,917</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, 2019

Total Fund Balances for Governmental Funds (Statement A) \$ 11,869,074

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	4,546,766	
Less accumulated depreciation	<u>(3,298,051)</u>	1,248,715

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>137,790</u>	137,790
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund liabilities.

Compensated absences payable	(153,596)	
Other postemployment benefit payable	<u>(3,193,092)</u>	(3,346,688)

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	152,814	
Net deferred inflows related to OPEB	<u>(764,788)</u>	(611,974)

Net Position of Governmental Activities (Statement A) \$ 9,296,917

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, 2019

	General Fund	Adjustments (Statement D)	Statement of Activities
EXPENDITURES / EXPENSES			
Personnel services and related benefits	\$ 2,458,866	\$ (149,593)	\$ 2,309,273
Travel	60,598		60,598
Professional services	83,344	-	83,344
Operating services	3,227,919		3,227,919
Supplies	298,548		298,548
Capital outlay	476,812	(370,516)	106,296
Depreciation	-	433,708	433,708
Total Expenditure/Expenses	<u>6,606,087</u>	<u>(86,401)</u>	<u>6,519,686</u>
PROGRAM REVENUES			
Capital grants and contributions	<u>589,572</u>		<u>589,572</u>
NET PROGRAM EXPENSES			<u>5,930,114</u>
GENERAL REVENUES			
Ad valorem taxes	4,682,417	20,834	4,703,251
Interest income	256,889	-	256,889
Licenses and permits	28,250	-	28,250
Royalties and surface leases	14,768	-	14,768
Miscellaneous	54,203	-	54,203
Total General Revenues	<u>5,036,527</u>	<u>20,834</u>	<u>5,057,361</u>
OTHER FINANCING SOURCES (USES)			
Net increase (decrease) in the fair value of investments	<u>(12,201)</u>	<u>-</u>	<u>(12,201)</u>
Total other financing sources (uses)	<u>(12,201)</u>	<u>-</u>	<u>(12,201)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(992,189)	992,189	NONE
CHANGE IN NET POSITION	NONE	(884,954)	(884,954)
FUND BALANCE/NET POSITION			
Beginning of the year	<u>12,861,263</u>	<u>(2,679,392)</u>	<u>10,181,871</u>
End of the year	<u>\$ 11,869,074</u>	<u>\$ (2,572,157)</u>	<u>\$ 9,296,917</u>

The accompanying notes are an integral part of this financial statement

STATEMENT D

STATE OF LOUISIANA
LAFOURCHE 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, 2019**

Net Change in Fund Balances - Governmental Fund (Statement C)	\$	(992,189)
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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	370,516		
Less accumulated depreciation	<u>(433,708)</u>		(63,192)

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.

149,593

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	152,814		
Prior year deferred inflows	<u>(131,980)</u>		20,834

Change in Net Position of Governmental Activities (Statement C)	\$	<u><u>(884,954)</u></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, 2019

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 \$105 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, 2019

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, 2019

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 operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. 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, 2019

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, 2019

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) *Nonspendable* - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b) *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.
- c) *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.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

L. Fund Balance - Governmental Funds (continued)

- d) *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.

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.

<u>Category</u>	<u>Governmental Fund</u>
Unassigned	\$ 11,869,074
Total fund balance	<u>\$ 11,869,074</u>

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 its 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, 2019

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, 2019, the District has cash (book balance) of \$216,284 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, 2019, the District had \$280,519 in deposits (collective bank balances), which are secured from risk by federal deposit insurance plus pledged securities in the amount of \$738,168.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3: INVESTMENTS

At December 31, 2019 the District held investments totaling \$7,595,635 as follows:

	Reported Amount	Market Value
Lousiana Asset Management Pool	\$ 599,861	\$ 599,861
BNY Mellon	6,995,774	6,995,774
	<u>\$ 7,595,635</u>	<u>\$ 7,595,635</u>

Louisiana Asset Management Pool (LAMP)

Investments held at December 31, 2019, including \$599,861 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 floating/variable rate investments. (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
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3: INVESTMENTS (continued)

BNY Mellon: At December 31, 2019, the District has investments held totaling \$6,995,774. A summary of the District's investment held are as follows:

Type of Investment	Percentage of Investments	Credit Quality Rating	Fair Value December 31, 2019
U.S. Treasury Notes ¹	21.7%	Aaa	1,518,734
U.S. Treasury Bills	56.8%	Not Rated	3,977,023
General Obligation bonds:			
United States Treasury ¹	2.9%	Aaa	200,484
State of Ohio ¹	1.4%	Aa1	100,262
University Fund - Texas A&M ¹	1.4%	Aaa	100,461
Colorado Housing & Finance Authority ¹	1.2%	Aaa	86,413
City of Manhattan KS ¹	3.0%	Aaa	210,905
City of Lubbock, Texas ²	2.2%	AA+	152,837
University of Oklahoma ²	2.3%	AA-	161,304
JP Morgan U.S. Government ¹			
Money Market Fund	7.0%	Aaa-mf	487,351
Total	100.0%		6,995,774

¹ Credit quality ratings obtained from Moody

² Credit quality ratings obtained from S&P

Type of Investment	December 31, 2019				
	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	+10 Years
U.S. Treasury Notes	1,518,734	1,518,734	-	-	-
U.S. Treasury Bills	3,977,023	3,678,240	298,783	-	-
General Obligation bonds:					
United States Treasury	200,484	200,484	-	-	-
State of Ohio	100,262	-	100,262	-	-
University Fund - Texas A&M	100,461	-	100,461	-	-
Colorado Housing & Finance Authority	86,413	-	86,413	-	-
City of Manhattan KS	210,905	-	210,905	-	-
City of Lubbock, Texas	152,837	-	152,837	-	-
University of Oklahoma	161,304	-	161,304	-	-
JP Morgan U.S. Government Money Market Fund *	487,351	487,351	-	-	-
	6,995,774	5,884,809	1,110,965	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, 2019

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, 2019

NOTE 3: INVESTMENTS (continued)

INVESTMENTS – FAIR VALUE MEASUREMENT

Fair values of assets measured on a recurring basis at December 31, 2019, are as follows:

Type of Investment	Fair Value December 31, 2019	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 Notes	\$ 1,518,734	\$ -	\$ 1,518,734	\$ -
U.S. Treasury Bills	3,977,023	-	3,977,023	-
General Obligation bonds:				
United States Treasury	200,484	-	200,484	-
State of Ohio	100,262	-	100,262	-
University Fund - Texas A&M	100,461	-	100,461	-
Colorado Housing & Finance Authority	86,413	-	86,413	-
City of Manhattan KS	210,905	-	210,905	-
City of Lubbock, Texas	152,837	-	152,837	-
University of Oklahoma	161,304	-	161,304	-
JP Morgan U.S. Government Money Market Fund	487,351	-	487,351	-
Total	<u>\$ 6,995,774</u>	<u>NONE</u>	<u>\$ 6,995,774</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 2.

NOTE 4: ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at December 31, 2019:

Ad valorem taxes	\$ 4,253,539
Interest on investments	4,808
Due from other governmental agencies	150,841
Total accounts receivable	<u>\$ 4,409,188</u>

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 5: CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended December 31, 2019, follows:

	Balance December 31, 2018	Additions	Retirements	Balance December 31, 2019
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	3,471,856	370,516	-	3,842,372
Total capital assets being depreciated	<u>4,046,023</u>	<u>370,516</u>	<u>-</u>	<u>4,416,539</u>
Less accumulated depreciation:				
Building & improvements	(394,739)	(14,354)	-	(409,093)
Machinery & equipment	(2,469,604)	(419,354)	-	(2,888,958)
Total accumulated depreciation	<u>(2,864,343)</u>	<u>(433,708)</u>	<u>-</u>	<u>(3,298,051)</u>
Capital assets, net	<u>\$ 1,311,907</u>	<u>\$ (63,192)</u>	<u>\$ -</u>	<u>\$ 1,248,715</u>

Depreciation expense for the year ended December 31, 2019 was \$433,708

NOTE 6: ACCOUNTS PAYABLE

The following is a summary of accounts payable and accruals at December 31, 2019:

Class of Payable	Government Fund
Vendors	\$ 183,659
Payroll and related benefits	15,561
Total Payables	<u>\$ 199,220</u>

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019, employees of the District have accumulated and vested annual leave of \$153,597. 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, 2019

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, 2019. 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_</u> <u>Percentage</u>	<u>Retiree Contribution_</u> <u>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, 2019, the District reported a liability of \$3,193,092 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2019 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, 2019 the District’s proportion was 0.0413% and the change in proportion from the prior measurement date was 0.0430% or a decrease of 0.0016%.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 8: EMPLOYEE BENEFITS – OPEB (continued)

Actuarial assumptions and other inputs. The total collective OPEB liability in the July 1, 2019 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 (CPA) 2.80%
- Salary increase rate – consistent with the pension valuation assumptions
- Discount rate – decreased from 2.98% to 2.79% 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 2.98% as of July 1, 2018, to 2.79% as of July 1, 2019.

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 (1.79%)	Current Discount Rate (2.79%)	1.0% Increase (3.79%)
Proportionate Share of Total Collective OPEB Liability	\$ 3,832,815	\$ 3,193,092	\$ 2,696,624

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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:

	1.0% Decrease	Current Healthcare Cost Trend Rates	1.0% Increase
Proportionate Share of Total Collective OPEB Liability	\$ 2,675,117	\$ 3,193,092	\$ 3,871,920

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

For the year ended, December 31, 2019, the District recognized OPEB expense of \$150,513. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumption or other inputs	\$ -	\$ (514,731)
Differences between expected and actual experience	38,612	(10,989)
Changes in employer's proportionate share	65,670	(116,629)
Difference between proportionate share of employer benefit payments and actual benefit payments	-	(122,439)
Amounts paid by the employer for OPEB subsequent to the measurement date	33,508	-
Total	<u>\$ 137,790</u>	<u>\$ (764,788)</u>

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019. 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>	
2020	\$ 234,944
2021	198,587
2022	154,744
2023	<u>72,231</u>
	<u>\$ 660,506</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, 2019:

	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Portion Due Within One Year
Compensated absences	\$ 140,450	\$ 84,659	\$ 71,513	\$ 153,596	\$ 84,659
OPEB Payable	<u>3,669,576</u>		<u>476,484</u>	<u>3,193,092</u>	<u>-</u>
Total	<u>\$ 3,810,026</u>	<u>\$ 84,659</u>	<u>\$ 71,513</u>	<u>\$ 3,346,688</u>	<u>\$ 84,659</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 \$248,705 for the year ended December 31, 2019.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 22, 2020, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance Final Budget Postive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 3,800,000	\$ 3,800,000	\$ 4,682,417	\$ 882,417
Capital grants and contributions	82,350	82,350	589,572	507,222
Interest Income	112,050	112,050	256,889	144,839
Licenses and permits	25,000	25,000	28,250	3,250
Royalties and leases	-	-	14,768	14,768
Miscellaneous	76,250	76,025	54,203	(21,822)
Total general revenues	<u>4,095,650</u>	<u>4,095,425</u>	<u>5,626,099</u>	<u>1,530,674</u>
EXPENDITURES / EXPENSES				
General Government				
Personnel services and related benefits	2,654,316	2,654,316	2,458,866	195,450
Travel	99,200	99,200	60,598	38,602
Professional services	-	-	83,344	(83,344)
Operating services	3,152,035	3,152,035	3,227,919	(75,884)
Supplies	434,450	434,450	298,548	135,902
Capital outlay and levee maintenance	532,290	532,290	476,812	55,478
Total expenditures / expenses	<u>6,872,291</u>	<u>6,872,291</u>	<u>6,606,087</u>	<u>266,204</u>
OTHER FINANCING SOURCES (USES)				
Net increase (decrease) in the fair value of investments	-	-	(12,201)	(12,201)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(12,201)</u>	<u>(12,201)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (2,776,641)</u>	<u>\$ (2,776,866)</u>	<u>(992,189)</u>	<u>1,252,269</u>
FUND BALANCE				
Beginning of the year	<u>12,861,263</u>	<u>12,861,263</u>	<u>12,861,263</u>	
End of the year	<u>\$ 10,084,622</u>	<u>\$ 10,084,397</u>	<u>\$ 11,869,074</u>	

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 (July 1).

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (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%

Change in population –

2017: Changes in census data includes an increase in participating employees from 36 to 38 employees.

2018: Changes in census data includes an increase in participating employees from 38 to 42 employees.

2019: Changes in census data includes an increase in participating employees from 42 to 44 employees.

SUPPLEMENTAL INFORMATION

STATE OF LOUISIANA
 LAFOURCHE BASIN LEVEE DISTRICT
SCHEDULE OF PER DIEM PAID BOARD MEMBERS
 FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Name</u>	<u>Title</u>	<u>Amount</u>
Craig Carter	Commissioner	\$ 4,032
Stanley Folse	Commissioner	3,353
Kevin Hebert	Commissioner	3,137
Jeffery Henry	Commissioner	3,807
James Jasmin	President	12,000
Whitney Jasmin, Jr.	Commissioner	3,809
Russell Loupe	Commissioner	3,805
Mike McKinney, Sr.	Past President	4,032
Eric Matherne	Vice-President	3,920
Marlin Rogers	Commissioner	3,248
Gary Watson	Commissioner	3,808
		<u>\$ 48,951</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 \$105 per day up to 36 days per year.

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, 2019

AGENCY HEAD: Donald Ray Henry, Executive Director

Purpose	Amount
Salary	\$ 131,165
Benefits-Insurance	18,475
Benefits - Retirement	26,117
Deferred compensation	-
Vehicle provided by government	579
Cell phone	1,809
Dues	154
Registration fees	2,140
Conference travel	964
Other	136
Total	<u>\$ 181,539</u>

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, and General 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, 2019 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 22, 2020.

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 to determine the 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 determination of financial statement amounts. 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.

Lenora B Krielow

Certified Public Accountant

Jennings, Louisiana
June 22, 2020

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019
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, 2019.

SECTION III – FINDINGS RELATING TO FINANCIAL REPORTING

CURRENT YEAR FINDINGS: NONE REPORTED

PRIOR YEAR FINDINGS:

2018-01 (C) – Compliance: Timely Submission of Report

Criteria:

Louisiana Revised Statute 24:513 requires the District's audited financial statements to be submitted to the Louisiana Legislative Auditor no later than six months after the auditee's fiscal year-end.

Condition

The December 31, 2018 audited financial statements were submitted to the Louisiana Legislative Auditor after the June 30, 2019 due date.

Cause

The accounting records were not closed in a timely manner after year-end.

Effect

The District was not in compliance with Louisiana R.S. 24:513.

Management Recommendation

Obtain necessary information needed to close the accounting records within 60 day after year-end.

Management Response:

The District will monitor filing deadlines and comply with filing requirements.

STATE OF LOUISIANA
LAFOURCHE BASIN LEVEE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION III – FINDINGS AND QUESTIONED COST RELATED TO FEDERAL PROGRAMS

As December 31, 2019, 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.