

LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1

REPORT ON AUDIT OF COMPONENT
UNIT FINANCIAL STATEMENTS

DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Livingston Parish Gravity Drainage
District #1
Livingston Parish Council
Denham Springs, Louisiana

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the major fund (the General Fund), and the budgetary comparison statement of the General Fund of the Livingston Parish Gravity Drainage District # 1, "the District," a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our 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 (the General Fund) of the Livingston Parish Gravity Drainage District #1 as of December 31, 2021, and the budgetary comparison statement of the General Fund and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The District's 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the District's December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 14, 2022

Livingston Parish Gravity Drainage
District #1
Denham Springs, Louisiana
Management Discussion and Analysis
December 31, 2021

This section of the Livingston Parish Gravity Drainage District #1's (the District) annual financial report presents our discussion and analysis of the District's activities for the year ended December 31, 2021. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the detailed financial statements.

FINANCIAL HIGHLIGHTS

- * Net Position on December 31, 2021 was \$7,876,495.
- * The Net Position of the Governmental Activities showed an increase of \$1,067,101 representing a 15.68% increase in 2021.
- * The total general fund balance at December 31, 2021 was \$5,545,907. This reflects an actual increase in 2021 of \$1,068,986 or 23.88% over the amount in 2020.
- * At the end of 2021, Unassigned General Fund Balance of \$5,461,786 represents 207.72% of total General Fund Expenditures.
- * The District had a 24.48% increase in the amount of sales tax revenue in 2021 from the amount in 2020. The sales tax revenue totaled \$2,608,051 in 2021 and \$2,095,170 in 2020, representing 70.52% and 68.19% of the total revenue in each of the respective years.
- * The District had an 22.09% increase in the amount of ad valorem tax revenue in 2021. The ad valorem tax revenue totaled \$1,012,310 in 2021 and \$829,174 in 2020, representing 27.51% and 26.99% of the total revenues in each of the respective years.

OVERVIEW OF FINANCIAL STATEMENTS

The management discussion and analysis are intended to serve as an introduction to the basic financial statements of the District. The District's basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements.

Government-wide financial statements are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the District's financial position and results of operations in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and accrued but unpaid interest).

The government-wide financial statements can be found on pages 10 and 11 of this report.

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 like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The District has one fund, the General Fund, which is a governmental type fund.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the 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 a government's near-term financing requirements.

Because the focus of governmental 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. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 through 18 of this report.

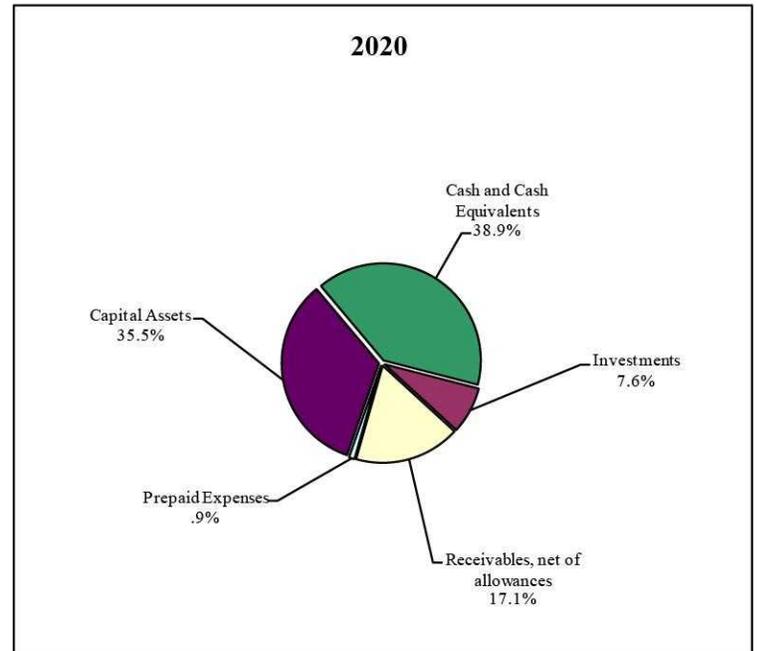
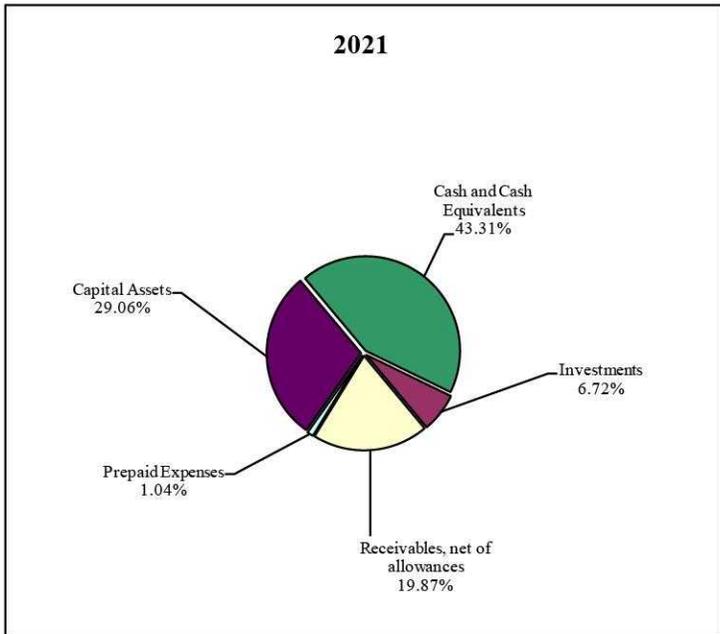
Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 33 of this report.

STATEMENT OF NET POSITION

The following is a schedule of the District's net position at December 31, 2021 and 2020. Net position is calculated by taking the difference between the total assets and total liabilities. The District's assets exceeded its liabilities at the close of 2021 and 2020 by a total of \$7,876,495 and \$6,809,394, respectively.

Condensed Statements of Net Position

	<u>2021</u>	<u>As restated, 2020</u>	<u>Increases (Decreases)</u>
Cash and Cash Equivalents	\$ 3,473,833	\$ 2,790,073	\$ 683,760
Investments	539,004	541,665	(2,661)
Receivables, net of allowances	1,593,149	1,222,806	370,343
Prepaid Expenses-Inventory	84,121	64,918	19,203
Capital Assets, Net of Accumulated Depreciation	<u>2,330,588</u>	<u>2,332,473</u>	<u>(1,885)</u>
 Total Assets	 8,020,695	 6,951,935	 1,068,760
 Current Liabilities	 <u>144,200</u>	 <u>142,541</u>	 <u>1,659</u>
 Total Liabilities	 144,200	 142,541	 1,659
 Net Position			
Net Investment in Capital Assets	2,330,588	2,332,473	(1,885)
Unrestricted	<u>5,545,907</u>	<u>4,476,921</u>	<u>1,068,986</u>
 Total Net Position	 <u>\$ 7,876,495</u>	 <u>\$ 6,809,394</u>	 <u>\$ 1,067,101</u>



STATEMENT OF ACTIVITIES

The District is committed to previous years' goals of accomplishing proper maintenance to the existing infrastructure canal and ditch systems for drainage. Various improvement projects at certain sites were undertaken as well as the continued ongoing clearing, spraying, and general improvement to drainage areas. The extreme growth in the number of homeowners along with business establishments in the District and the new challenges and demands for better drainage of water flow throughout the District is currently challenging management to improve all areas for drainage. Improving methods of clearing, cleaning, and maintaining existing canals is management's priority. Lower areas are being developed and the general population is occupying these areas in large numbers. As the growth continues within the District, due diligence and expenditure of resources will be a priority to secure proper drainage for all. Increased staff and equipment purchases were made in recent years to achieve the goal of proper drainage. The District has focused on the routine maintenance of problem drainage areas in the District and attempting assistance to various citizens with drainage issues. The District has completed the first phases of engineering of designing a modeling program of the major tributary, Gray's Creek, along with Dixon and have added other studies (Allen Bayou, Beaver Creek, Colton Creek, Longslash Branch, Plantation Estates) for other streams.

The majority of the funding for the District's operation and maintenance is provided by sales taxes on public sales within the boundaries of the District. The District collects a one-half cent sales and use tax within the boundaries of the District which is placed into the general fund. The District's voters passed a renewal of the 5 mill Ad Valorem property tax in 2019 to begin in 2021. The District collected 5 mills in 2021. The funds are used to pay for the operation and maintenance of the drainage systems and asset purchases. Other sources of revenue result from interest earned and governmental revenue sharing amounts. The District does not have any debt.

Condensed Statement of Activities

	<u>2021</u>	<u>As restated, 2020</u>	<u>Increases (Decreases)</u>
Revenues:			
General Revenues	\$ 3,698,442	\$ 3,072,609	\$ 625,833
	<u>3,698,442</u>	<u>3,072,609</u>	<u>625,833</u>
Expenses:			
Public Works	2,442,262	2,243,337	198,925
Depreciation	189,079	228,026	(38,947)
	<u>2,631,341</u>	<u>2,471,363</u>	<u>159,978</u>
Change in Net Assets	<u>\$ 1,067,101</u>	<u>\$ 601,246</u>	<u>\$ 465,855</u>

REVENUES

- * Sales and use tax revenue increased by \$512,881 or 24.48% in 2021 from the previous year.
- * Ad valorem tax collections increased by \$183,136 or 22.09% in 2021 over the prior year.

EXPENSES

Total public works expenses for 2021 increased by \$198,925. This net increase in operating expense was because of the following:

- * Salaries, payroll taxes, and retirement expenses increased \$15,045 over the past year.
- * Equipment repairs increased by a total of \$24,594 in 2021, along with contract services decrease of \$14,319.
- * Engineering/Legal fees included in professional fees increased by \$231,615.
- * Health insurance decreased by \$45,566.
- * Supplies decreased by \$23,146.
- * Sales tax collection fees increased by \$7,203

BUDGETARY HIGHLIGHTS

- * The final amended budget for revenues in 2021 reflects an increase of \$545,000. This was caused by continued growth beyond expectations of local sales tax revenue collections.
- * In 2021, the District received \$108,051 greater in sales tax than the final amended revenue budget or a 4.33% favorable variance, and in 2020 revenues were greater than the final amended revenue budget by \$55,170 or 2.7% favorable variance.
- * In 2021, the final amended budget for total operational expenditures reflects a \$48,438 favorable variance as compared to a \$32,090 unfavorable variance in 2020. The 2021 final amended capital outlay budget reflected a \$19,694 unfavorable variance in capital outlay expenditures along with the unfavorable variance of \$34,400 in 2020.

CAPITAL ASSETS

The District's investment in capital assets as of December 31, 2021 and 2020 amounts to \$2,330,588 and \$2,332,473 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery, and equipment. The total net decrease in the District's cost of investment in capital assets for 2021 was \$1,885 or .08%.

2021: Total cost of additions equaled \$187,194:
Equipment purchased amounted to \$8,342.
Drainage improvements amounted to \$21,135.
Vehicles amounted to \$136,072.
Construction in Progress = \$17,250
Furniture = 4,395

Depreciation expense for 2021 amounted to \$189,079.

FUTURE EXPENSES

The District is committed to previous years' goals of accomplishing proper maintenance to all major canals, ditches, and lateral drainage channels for the new population demand being experienced within the District. The extreme growth in the number of homeowners in the District and the additional drainage impact effects from new development will require additional cleaning of major drainage channels. Focusing attention on canals which are holding surface water or causing delayed drainage will be pursued by the District in the

future with the resources available. Increases in expenditures for engineering, employee salaries, general supplies will be realized in upcoming years. New capital outlay items for related maintenance equipment, interaction projects with FEMA and other federal matching capital outlay programs (Louisiana Watershed Initiative), Parish cooperative endeavor projects, and engineering for multiple watershed studies (revealing new improvement projects affecting citizen's drainage) will be realized.

A modeling system is in process for engineering of the major tributary (Gray's Creek Watershed Project and several other watersheds in the District) which will add expenses of major improvements within the next five years. The District adopted a 2022 budget amount equal to \$3,651,000 which included Capital Outlay in 2022 of \$300,000 to accomplish the goals stated above inclusive of District improvements along the watershed of Gray's Creek.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens and creditors with a general overview of the District's finances and reveal the District's accountability for the money received through its operations. If there are any questions about this report or need of additional financial information, contact Administrative Secretary, Randall Smith, Post Office Box 1265, Denham Springs, La 70727.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

STATEMENT OF NET POSITION

DECEMBER 31, 2021
(With Comparative Totals as of December 31, 2020)

ASSETS

	Governmental Activities	
	2021	As Restated, 2020
Assets:		
Cash and Cash Equivalents	\$ 3,473,833	\$ 2,790,073
Investments	539,004	541,665
Due From Other Governments	6,710	15,205
Ad Valorem Taxes Receivable, Net of Allowance	1,015,981	812,002
Sales Tax Receivable, Net of Collection Fees	570,350	395,491
Other Receivables	108	108
Inventory	4,267	2,099
Prepaid Insurance	79,854	62,819
Capital Assets, Net of Accumulated Depreciation	2,330,588	2,332,473
Total Assets	\$ 8,020,695	\$ 6,951,935

LIABILITIES

Liabilities:		
Accounts Payable	\$ 111,840	\$ 111,056
Accrued Liabilities	32,360	31,485
Total Liabilities	144,200	142,541

NET POSITION

Net Investment in Capital Assets	2,330,588	2,332,473
Unrestricted	5,545,907	4,476,921
Total Net Position	7,876,495	6,809,394
Total Liabilities and Net Position	\$ 8,020,695	\$ 6,951,935

The notes to the financial statements are an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	Governmental Activities	
	2021	As Restated, 2020
Governmental Activities:		
Expenses:		
Public Works	\$ 2,442,262	\$ 2,243,337
Depreciation	189,079	228,026
	2,631,341	2,471,363
General Revenues:		
Ad Valorem Tax	1,012,310	829,174
Sales Tax	2,608,051	2,095,170
State Revenue Sharing	27,399	25,193
Net Realized and Unrealized Gains on Investments	16	180
Miscellaneous	14,939	1,944
Interest	4,480	6,323
Intergovernmental	12,937	114,625
Net Gain on Sale of Assets	18,310	-
	3,698,442	3,072,609
Change in Net Position	1,067,101	601,246
Net Position - Beginning of Year	6,809,394	6,208,148
Net Position - End of Year	\$ 7,876,495	\$ 6,809,394

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

BALANCE SHEET - GENERAL FUND

DECEMBER 31, 2021

(With Comparative Totals as of December 31, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$3,473,833	\$2,790,073
Investments	539,004	541,665
Due From Other Governments	6,710	15,205
Ad Valorem Taxes Receivable, Net of Allowance	1,015,981	812,002
Sales Tax Receivable, Net of Collection Fees	570,350	395,491
Other Receivables	108	108
Inventory	4,267	2,099
Prepaid Insurance	79,854	62,819
	<u>\$5,690,107</u>	<u>\$4,619,462</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	\$ 111,840	\$ 111,056
Accrued Liabilities	32,360	31,485
	<u>144,200</u>	<u>142,541</u>
Fund Equity:		
Fund Balance:		
Nonspendables:		
Inventory and Prepaid Insurance	84,121	64,918
Unassigned	5,461,786	4,412,003
	<u>5,545,907</u>	<u>4,476,921</u>
Total Fund Equity	<u>\$5,545,907</u>	<u>\$4,476,921</u>
Total Liabilities and Fund Equity	<u>\$5,690,107</u>	<u>\$4,619,462</u>

The notes to the financial statements are an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

RECONCILIATION OF THE GENERAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2021
(With Comparative Totals as of December 31, 2020)

	<u>2021</u>	<u>As Restated, 2020</u>
Fund Balances - Total Governmental Fund	\$ 5,545,907	\$ 4,476,921
<p>Amounts reported for governmental activities in the statement of net position is different because:</p> <p>Capital assets used in the governmental activities are not financial resources and therefore are not reported in the fund</p>		
Governmental Capital Assets	5,167,279	5,091,848
Less: Accumulated Depreciation	<u>(2,836,691)</u>	<u>(2,759,375)</u>
Capital Assets, Net of Accumulated Depreciation	<u>2,330,588</u>	<u>2,332,473</u>
Net Position of Governmental Activities	<u><u>\$ 7,876,495</u></u>	<u><u>\$ 6,809,394</u></u>

The notes to the financial statements are an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE- GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	2021	As Restated, 2020
Revenues:		
Ad Valorem Taxes	\$ 1,012,310	\$ 829,174
Sales Tax	2,608,051	2,095,170
State Revenue Sharing	27,399	25,193
Net Realized and Unrealized Gains on Investments	16	180
Miscellaneous	14,939	1,944
Interest	4,480	6,323
Intergovernmental	12,937	114,625
	3,680,132	3,072,609
Expenditures:		
Public Works:		
Salaries	957,892	937,892
Per Diem-Board Members	9,500	10,300
Payroll Taxes	74,983	73,886
Retirement Contributions	62,545	68,597
Health Insurance	188,672	234,238
Assessor's Pension Fund	40,459	34,000
Business Insurance	114,689	101,175
Contract Services	-	14,319
Fuel	45,585	30,902
Legal and Professional Fees	553,837	322,222
Supplies	86,078	109,224
Miscellaneous	7,466	2,270
Office Supplies	7,126	5,078
Repairs and Maintenance	80,181	55,587
Sales Tax Collection Fees	35,327	28,124
Storm Damage Expense	11,125	-
Telephone	11,089	12,372
Uniforms	47,344	38,914
Utilities	29,664	29,690
Watershed Studies	78,700	134,547
	2,442,262	2,243,337

(CONTINUED)

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE- GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	2021	As Restated, 2020
Expenditures (Continued):		
Capital Outlay	187,194	187,053
Total Expenditures	2,629,456	2,430,390
Excess (Deficiency) of Revenues over Expenditures	1,050,676	642,219
Other Financing Sources:		
Proceeds from Sale of Assets	18,310	-
Excess of Revenues and Other Sources Over Expenditures	1,068,986	642,219
Fund Balance at Beginning of Year	4,476,921	3,834,702
Fund Balance at End of Year	\$ 5,545,907	\$4,476,921

The notes to the financial statements are an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GENERAL FUND
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>As Restated, 2020</u>
Net Change in Fund Balances - Total Governmental Fund	\$1,068,986	\$ 642,219
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the difference between capital outlays and depreciation in the period:</p>		
Capital Outlays	187,194	187,053
Depreciation Expense	<u>(189,079)</u>	<u>(228,026)</u>
	<u>(1,885)</u>	<u>(40,973)</u>
Add accumulated depreciation on capital assets retired during the year	111,763	-
Less cost basis of capital assets retired during the year	<u>(111,763)</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Change in Net Position of Governmental Activities	<u>\$1,067,101</u>	<u>\$ 601,246</u>

The notes to the financial statements are an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 877,000	\$ 1,015,000	\$ 1,012,310	\$ (2,690)
Sales Tax	2,090,000	2,500,000	2,608,051	108,051
State Revenue Sharing	25,000	25,000	27,399	2,399
Net Realized and Unrealized Gains on Investments	-	-	16	16
Miscellaneous	-	-	14,939	14,939
Interest	7,000	4,000	4,480	480
Intergovernmental	-	-	12,937	12,937
Total Revenues	2,999,000	3,544,000	3,680,132	136,132
Expenditures:				
Public Works:				
Salaries	942,000	989,000	957,892	31,108
Per Diem- Board Members	12,000	10,500	9,500	1,000
Payroll Taxes	85,000	80,000	74,983	5,017
Retirement Contributions	70,000	62,500	62,545	(45)
Health Insurance	195,000	197,000	188,672	8,328
Assessor's Pension Fund	36,000	35,000	40,459	(5,459)
Business Insurance	145,000	147,000	114,689	32,311
Contract Services	12,000	-	-	-
Fuel	45,000	57,000	45,585	11,415
Legal and Professional Fees	249,000	505,000	553,837	(48,837)
Supplies	110,000	85,000	86,078	(1,078)
Miscellaneous	3,200	4,200	7,466	(3,266)
Office Supplies	8,000	6,000	7,126	(1,126)
Repairs and Maintenance	72,500	80,500	80,181	319
Sales Tax Collection Fees	30,000	32,000	35,327	(3,327)
Storm Damage Expense	-	-	11,125	(11,125)
Telephone	8,000	12,000	11,089	911
Uniforms	35,000	46,000	47,344	(1,344)
Utilities	40,000	32,000	29,664	2,336
Watershed Studies	115,000	110,000	78,700	31,300
	2,212,700	2,490,700	2,442,262	48,438

(CONTINUED)

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Expenditures (Continued):				
Capital Outlay	1,431,000	167,500	187,194	(19,694)
Total Expenditures	3,643,700	2,658,200	2,629,456	28,744
Excess (Deficiency) of Revenues Over Expenditures	(644,700)	885,800	1,050,676	164,876
Other Financing Sources:				
Proceeds from Sale of Assets	-	20,400	18,310	(2,090)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(644,700)	906,200	1,068,986	162,786
Fund Balance at Beginning of Year	4,476,921	4,476,921	4,476,921	-
Fund Balance at End of Year	<u>\$ 3,832,221</u>	<u>\$ 5,383,121</u>	<u>\$ 5,545,907</u>	<u>\$ 162,786</u>

The notes to the financial statements are an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(1) Summary of Significant Accounting Policies -

Livingston Parish Gravity Drainage District #1 (“the District”) is a corporate body created by the Livingston Parish Council on November 22, 1969, as provided by Louisiana Revised Statutes. The purpose of the District is to provide maintenance services to drainage structures within the boundaries of the district. The District is governed by a board of five commissioners.

In October 2019, an election was held whereby the voters of Livingston Parish Gravity Drainage District #1 approved a ten year 5-mill property tax on assessed property within the District which will expire in 2030. Also, on January 15, 2005, a 20-year renewal election was held whereby the voters of the District approved a ½% sales tax. In addition, the District receives State Revenue Sharing funds from State provisions connected to the local property tax election passage.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

A. Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the District's Board of Commissioners. Control by or dependence on the board was determined on the basis of taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

In conformance with Governmental Accounting Standards Board, Statement 61, the District is a component unit of the Livingston Parish Council, the governing body of the parish. The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Council and the general government services provided by that governmental unit.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

B. Basis of Presentation

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. There were no activities of the District categorized as a business-type activity.

Basic Financial Statements - Government-Wide Statements

In the government-wide Statement of Net Position, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants. The District does not have any program revenues or operating and capital grants.

The net costs (by function) are normally covered by general revenue (taxes, interest and investment earnings, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in an individual fund in the fund financial statements. This fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. This fund is reported by generic classification within the financial statements.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

The District uses the following fund type:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. At December 31, 2021, it is the only fund of the District.

C. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual -

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the District consist principally of sales taxes, property taxes, state revenue sharing, and interest income. Interest income is recorded when earned. Sales taxes are recorded as revenues when the underlying transaction occurs and meets the availability criteria. Property taxes are recorded as revenues when levied even though a portion of the taxes may be collected in subsequent years. State revenue sharing is recorded when made available.

2. Modified Accrual -

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the Governmental Fund Financial Statements.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

D. Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays costing at least \$1,500 and significantly extending the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight line basis over the following estimated useful lives:

Buildings and Improvements	20 to 40 years
Equipment	5 to 10 years
Vehicles	5 years

E. Budgetary Practices

The District utilizes the following budgetary practices:

The Chairperson of the Board prepares the annual budget which is based on what is expected to be collected during the fiscal year and is approved by the Board of Commissioners. The adopted budget constitutes the authority of the District to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved monthly by the Board before payment. The 2021 budget was discussed in a public hearing and adopted during a meeting of the Board on December 8, 2020. The amended 2021 budget was discussed in a public hearing and adopted during a meeting of the Board on December 14, 2021.

All budget amounts presented in the financial statements have been adjusted for legally authorized revisions of the annual budget during the year.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

G. Inventory

Inventory is valued at cost, which approximates market, using the first-in first-out method. The District's inventory consists of fuel. The nonspendable fund balance at the governmental fund level is equal to the amount of inventory at year-end to indicate the portion of the governmental fund balance that is nonspendable.

H. Encumbrances

Encumbrances outstanding at year end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The Governmental Fund's budget is maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end.

The actual results of operations are presented in accordance with GAAP and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. At December 31, 2021, the District had no outstanding encumbrances.

I. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.

J. Summary Financial Information for 2020

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

K. Fund Equity

The District implemented the provisions of Governmental Accounting Standards Board Statement No. 54 which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

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.

Restricted - Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Committed - Amounts that can only be used for specific purposes determined by a formal action of the District board. These amounts cannot be used for any other purpose unless the District board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned - Amounts that are designated as committed by the District board but are not spendable until a budget ordinance is passed.

Unassigned - All amounts not included in other spendable classifications. The District board has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

The details of the fund balances are included in the Balance Sheet - General Fund (page 12). As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the District board or the assignment has been changed by the District board. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

L. COVID-19 Pandemic

The COVID-19 outbreak in the United States and globally has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. Therefore, uncertainty remains regarding the ongoing impact of the COVID-19 outbreak upon the District's financial condition and future results of operations, as well as upon the significant estimates and assumptions that may be utilized in reporting certain assets and liabilities .

M. Subsequent Events

The District evaluated additional subsequent events and transactions for potential recognition or disclosure in the financial statements through June 14, 2022, the date which the financial statements were available to be issued.

(2) Cash, Cash Equivalents and Investments -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with maturities less than 90 days. Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agents, the District had cash and cash equivalents totaling \$3,476,910 with a carrying amount of \$3,473,833 at December 31, 2021.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

As of December 31, 2021, the District had the following investments and maturities:

<u>Investment Type</u>	Investment Maturities (in years)					
	Amortized Cost	Fair Value	Less Than 1	1 - 5	6-10	More Than 10
Time Certificates of Deposit	\$ 539,004	\$ 539,004	\$ 539,004	\$ -	\$ -	\$ -
Total	\$ 539,004	\$ 539,004	\$ 539,004	\$ -	\$ -	\$ -

Fair Value Measurements. The investments are reflected at fair value except for the following which are permitted per GASB Statement No. 31:

- Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates are reported using a cost-based measure. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities 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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the District regardless of its designation by the financial institution in which it is deposited. As of December 31, 2021, none of the District's bank balance of \$3,476,910 was exposed to custodial credit risk.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To mitigate this risk, state law requires for these investments (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities 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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the District regardless of its designation by the financial institution in which it is deposited. As of December 31, 2021, none of the District's investments of \$539,004 was exposed to custodial credit risk.

(3) Ad Valorem Taxes -

On October 2019, the voters, who live within the boundaries of Gravity Drainage District No. 1 of Livingston Parish, Louisiana, renewed a 5-mill (\$5.00 per \$1,000 of assessed valuation) ad valorem tax to provide funds for the maintenance, improvement, and construction of drainage structures within the District. The tax is effective for a 10-year period (2021-2030).

The ad valorem taxes are levied each November 15 on the taxable assessed value listed as of the prior January 1 for all real and business personal property located within the boundaries of Gravity Drainage District No. 1. Taxable assessed value represents the appraised value of the property less exemptions allowed by law. The Livingston Parish Assessor periodically determines the appraised values.

Taxes are due on November 15, the levy date, and they become delinquent on the following January 1. The taxes are generally collected in December of the current year and January through March of the following year. During late April or May, of the year following the year the tax was levied, the Sheriff's office sends out delinquent notices to the property owners. Soon after the Sheriff has mailed the delinquent notices, he will publish them in the newspaper. After a second publication in the newspaper and at least 30 days from the date of the first publication, the property is advertised for auction. The auction usually takes place in June or July. Properties sold at auction have liens placed on them by their buyers. The Parish will put a lien on any properties not sold at the auction.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

As of January 1, 2021, the assessed value of the property located within Gravity Drainage District No. 1 of Livingston Parish, Louisiana, was \$208,406,448. For 2021, the District elected to assess 5.0 mills to finance the maintenance, improvement, and construction of drainage structures. Total taxes assessed and taxes receivable at December 31, 2021, are as follows:

	General Operations 5.00 Mills
<u>Revenues:</u>	
2021 Ad Valorem Tax Assessed	\$ 1,042,032
Less: 2021 Estimated Uncollectible	(26,051)
Prior Year Net Receivable in Excess of Collections	(3,671)
	\$ 1,012,310
<u>Receivable:</u>	
2021 Property Tax Assessed	\$ 1,042,032
Less: Current Year Taxes Collected in 2021	-
	1,042,032
Total Property Taxes Receivable at December 31, 2021	1,042,032
Less: Allowance for Uncollectible Accounts	(26,051)
	\$ 1,015,981

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

(4) Changes in General Fixed Assets -

<u>Governmental Activities</u>	<u>As restated, 12/31/2020</u>	<u>Additions</u>	<u>Dispositions</u>	<u>12/31/2021</u>
Capital Assets not Being Depreciated:				
Land	\$ 157,288	\$ -	\$ -	\$ 157,288
Construction in Progress	98,133	17,250	-	115,383
Total Capital Assets Not being Depreciated	255,421	17,250		272,671
Capital Assets being Depreciated:				
Buildings	1,074,368	-	-	1,074,368
Improvements/Infrastructure	1,283,836	21,135	-	1,304,971
Vehicles	476,307	136,072	22,814	589,565
Machinery & Equipment	1,985,895	8,342	88,949	1,905,288
Furniture & Fixtures	16,021	4,395		20,416
Total Capital Asset Being Depreciated	4,836,427	169,944	111,763	4,894,608
Less: Accumulated Depreciation for:				
Buildings	(281,819)	(31,711)	-	(313,530)
Improvements/Infrastructure	(362,320)	(60,447)	-	(422,767)
Vehicles	(396,177)	(32,524)	(22,814)	(405,887)
Machinery & Equipment	(1,708,764)	(62,567)	(88,949)	(1,682,382)
Furniture & Fixtures	(10,295)	(1,830)	-	(12,125)
Total Accumulated Depreciation	(2,759,375)	(189,079)	(111,763)	(2,836,691)
Total Capital Assets Being Depreciated, Net	2,077,052	(19,135)	-	2,057,917
Total Governmental Activities Capital Assets, Net	<u>\$ 2,332,473</u>	<u>\$ (1,885)</u>	<u>\$ -</u>	<u>\$ 2,330,588</u>

Depreciation expense of \$189,079 was charged to the General Operations function in the Statement of Activities.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

(5) Commitments -

Following is a schedule that lists various projects and projects costs of each along with amounts spent to date:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Allen Bayou Relief	\$ 165,751	\$ 115,383	\$ 50,368
Total Incomplete Construction at December 31, 2021	<u>\$ 165,751</u>	<u>\$ 115,383</u>	<u>\$ 50,368</u>

(6) Long-Term Debt -

The Livingston Parish Gravity Drainage District #1 has no long-term debt transactions for the year ended December 31, 2021.

(7) Leases -

The District has no outstanding capital or operating leases at December 31, 2021.

(8) Compensated Absences -

The District provides various forms of compensated leave benefits to its employees. An employee can earn sick leave and vacation leave based upon the number of hours worked each pay period and years of continuous employment. The employees of the District must use all of the compensated leave by year end. At this time, the District has no provision for leave carryover, and if leave is not used at year-end, it is lost. A leave accrual is not required in the District's financial statements because there is not a provision for carryover.

(9) Per Diem Paid Board Members -

Each member of the Board of Commissioners is eligible to receive a per diem allowance of \$100 for attending each regular or special meeting of the board. Per diems paid to the board members for 2021 were as follows:

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

<u>Commissioner</u>	<u>Number of Meetings</u>	<u>Amount Received</u>
David Provost	22	\$ 2,200
Chris Whitmire	21	2,100
Robert Borne	19	1,900
Carl Juneau	12	1,200
Buford Elliot*	20	2,000
Jessie Spence*	1	<u>100</u>
		<u>\$ 9,500</u>

* Buford Elliot's term expired in November 2021 and Jessie Spence's term commenced in November 2021.

(10) Schedule of Compensation, Benefits, and Other Payments to Chairman of the Board of Directors -

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by David Provost, Chairman of the Board of Directors, who was the acting agency head for the year ended December 31, 2021:

Per Diem	\$ 2,200
Benefit Insurance	-
Travel Reimbursements	-
Conferences	-
Meals	<u>-</u>
Total Compensation	<u>\$ 2,200</u>

(11) Pension Plan and Retirement Commitments -

The District has a Simplified Employee Pension Plan (SEP) for its employees. Under this defined contribution plan, the District's Board of Commissioners establishes individual retirement accounts for each eligible employee to whom the District will make a contribution as determined on a year-to-year basis. Because contributions are made to individual retirement accounts, all contributions received by an employee are 100% vested. The employee may select between several investments options. The District does not guarantee the results of these investments. The District's Board of Commissioners voted to contribute 9.0% of eligible wages for 2021 which amounts to \$62,545.

(12) Contingencies - Litigation -

The District is involved in lawsuits and claims in the ordinary course of their operations. It is management's opinion that outstanding claims would not have a material effect on the District's operations.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

(13) Sales Tax Abatement -

In prior years, the District entered into cooperative endeavor agreements with two economic development districts under provisions of the L.A.R.S. 33:9038 Sales Tax Increment Financing. Under the provisions of the law, entities may enter into the cooperative endeavor agreements to dedicate a portion or all of the sales tax collected within the economic development district area for the purpose of repaying revenue bonds issued to fund economic development projects within the districts.

For the year ended December 31, 2021, the District abated sales taxes totaling \$720,779 under these two cooperative endeavor agreements.

- Denham Springs Economic Development District (DSEDD) – The District entered into a cooperative endeavor agreement with the DSEDD to dedicate 71.42857 percent of the District's ½ cent sales tax collected within the DSEDD area for the purposes of repaying revenue bonds issued to fund DSEDD projects. Once the DSEDD revenue bonds are paid in full, the District will start receiving 100 percent of its ½ sales tax collected within the DSEDD area. The abated sales tax amounted to \$339,257 for the year ended December 31, 2021.
- Juban Crossing Economic Development District (JCEDD) – The District entered into a cooperative endeavor agreement with the JCEDD to dedicate 40.00 percent of the District's ½ cent sales tax collected within the JCEDD area for the purposes of repaying revenue bonds issued to fund JCEDD projects. The District is not responsible for maintenance within the JCEDD area while the JCEDD revenue bonds are outstanding. Once the JCEDD revenue bonds are paid in full, the District will start receiving 100 percent of its ½ sales tax collected within the JCEDD area and then will be responsible for the maintenance within the JCEDD area. The abated sales tax amounted to \$381,522 for the year ended December 31, 2021.

(14) Current Accounting Pronouncements -

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. 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.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

In May 2020, the Governmental Accounting Standards Board issued GASB Statement No 96 *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

In June 2020, the Governmental Accounting Standards Board issued GASB Statement No 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

Management is currently evaluating the effects of the new GASB pronouncements.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

(15) Prior Period Adjustment –

During the current year, it was determined that some engineering cost included in capital outlay and construction in progress in prior years would not materialize into actual construction projects. These costs should have been included in expenses as watershed studies in the prior years. The adjustments are as follows:

	As Previously Reported, <u>December 31, 2020</u>	<u>Adjustment</u>	As Restated, <u>December 31, 2020</u>
Government-Wide Financial Statements -			
Statement of Net Position:			
Capital Assets, Net of Accumulated Depreciation	\$ 2,536,490	\$ (204,017)	\$ 2,332,473
Total Assets	\$ 7,155,952	\$ (204,017)	\$ 6,951,935
Net Investment in Capital Assets	\$ 2,536,490	\$ (204,017)	\$ 2,332,473
Total Net Position	\$ 7,013,411	\$ (204,017)	\$ 6,809,394
Total Liabilities and Net Position	\$ 7,155,952	\$ (204,017)	\$ 6,951,935
Statement of Activities:			
Public Works	\$ 2,108,790	\$ 134,547	\$ 2,243,337
Total Expenses	\$ 2,336,816	\$ 134,547	\$ 2,471,363
Change in Net Position	\$ 735,793	\$ (134,547)	\$ 601,246
Net Position - Beginning of Year	\$ 6,277,618	\$ (69,470)	\$ 6,208,148
Net Position - End of Year	\$ 7,013,411	\$ (204,017)	\$ 6,809,394
Fund Financial Statements -			
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund:			
Capital Outlay	\$ 321,600	\$ (134,547)	\$ 187,053
Watershed Studies	\$ -	\$ 134,547	\$ 134,547

(16) Subsequent Events -

Management has evaluated subsequent events and transactions for potential recognition or disclosures in the financial statements through June 14, 2022, the date which the financial statements were available to be issued.

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT
OF THE COMPONENT UNIT FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE COMPONENT UNIT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Livingston Parish Gravity Drainage
District #1
Livingston Parish Council
Denham Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund (the General Fund), and the budgetary comparison statement of the General Fund of the Livingston Parish Gravity Drainage District #1, (the District) a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated June 14, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 our 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; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,
Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 14, 2022

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2021

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weaknesses identified?	_____ Yes	_____ x _____ No
• Significant deficiencies identified?	_____ Yes	_____ x _____ No

Noncompliance material to financial statements noted?	_____ Yes	_____ x _____ No
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B. Internal Control Over Financial Reporting

None

C. Compliance and Other Matters

None

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1**

SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2021

A. Internal Control Over Financial Reporting

None

B. Compliance and Other Matters

None

LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

DECEMBER 31, 2021



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Independent Accountant’s Report
on Applying Agreed-Upon Procedures

Board of Commissioners
Livingston Parish Gravity Drainage
District #1
Livingston Parish Council
Denham Springs, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The Livingston Parish Gravity Drainage District #1’s management is responsible for those C/C areas identified in the SAUPs.

Livingston Parish Gravity Drainage District #1, State of Louisiana, “the District,” a component unit of the Livingston Parish Council, has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget. – **No Exceptions.**
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes. – **No Exceptions.**

- c) ***Disbursements***, including processing, reviewing, and approving. – **No Exceptions.**
- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation). – **No Exceptions.**
- e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules. – **No Exceptions.**
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process. – **No Exceptions.**
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases). – **No Exceptions.**
- h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. – **No Exceptions.**
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity’s ethics policy. – **No Exceptions.**
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. – **No Exceptions.**
- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Exception – The District does have written policies and procedures on information technology disaster recovery/business continuity; however, it does not cover item (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting. – **No Exceptions.**

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document. – **No Exceptions.**
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. – **No Exceptions.**
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund. – **No Exceptions.**

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged). – **No Exceptions.**
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

Exception – Bank reconciliations include evidence of management/board member's review; however, the date of the review was not documented.
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable. – **No Exceptions.**

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5). – **No Exceptions.**

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers. – **The District does not have cash drawers/registers.**
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit. – **No Exceptions.**
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit. – **No Exceptions.**
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation. – **No Exceptions.**
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period. – **No Exceptions.**
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered. – **No Exceptions.**
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. – **No Exceptions.**
 - c) Trace the deposit slip total to the actual deposit per the bank statement. – **No Exceptions.**
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer). – **No Exceptions.**
 - e) Trace the actual deposit per the bank statement to the general ledger. – **No Exceptions.**

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5). – **No Exceptions.**

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. – **No Exceptions.**
 - b) At least two employees are involved in processing and approving payments to vendors. – **No Exceptions.**
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files. – **No Exceptions.**
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments. – **No Exceptions.**
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity. – **No Exceptions.**
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable. – **No Exceptions.**

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete. – **No Exceptions.**
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. – **No Exceptions.**
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Exception – A finance charge of \$4.49 was paid on the Office Depot credit card statement tested. No other instances of payments of finance charges were noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny. – **No Exceptions.**

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov). – **There were no travel and travel related expense reimbursements during the current fiscal period.**
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased. – **See above note.**
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h). – **See above note.**
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. – **See above note.**

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law. – **No Exceptions.**
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter). – **No Exceptions.**
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented). – **For the contract tested, no amendments were made during 2021.**

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract. – **No Exceptions.**

Payroll and Personnel

- 16. Obtain a listing of employees and officials employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files. – **No Exceptions.**
- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.) – **No Exceptions.**
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials. – **No Exceptions.**
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity’s cumulative leave records. – **No Exceptions.**
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file. – **No Exceptions.**
- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management’s representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management’s termination payment calculations and the entity’s policy on termination payments. Agree the hours to the employee or officials’ cumulative leave records, agree the pay rates to the employee or officials’ authorized pay rates in the employee or officials’ personnel files, and agree the termination payment to entity policy. – **No Exceptions.**
- 19. Obtain management’s representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers’ compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines. – **No Exceptions.**

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period. – **No Exceptions.**

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable. – **No Exceptions.**

Debt Service

- 21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued. **The District did not issue any debt during the fiscal period.**
- 22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants). **The District had no outstanding debt during the fiscal period.**

Fraud Notice

- 23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled. - **There were no misappropriations of public funds nor assets were noted during the fiscal period.**
- 24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exception – The notice was posted on District's premises, but it was not posted on the District's website.

Information Technology Disaster Recovery/Business Continuity

- 25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported. – **We performed the procedure and discussed the results with management.**
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months. – **We performed the procedure and discussed the results with management.**

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor. – **We performed the procedure and discussed the results with management.**

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Exception – No training occurred during the calendar year.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Exception – The District's sexual harassment policy and complaint procedure is not posted its website. However, it is posted in a conspicuous location on its premises.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements.

Exception - As noted above from procedure #26, no training occurred during the calendar year.

- b) Number of sexual harassment complaints received by the agency. **No complaints were received by the District during 2021.**

- c) Number of complaints which resulted in a finding that sexual harassment occurred. **Not applicable.**

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action. **Not applicable.**

- e) Amount of time it took to resolve each complaint. **Not applicable.**

Management's Response/Corrective Action to Exceptions

The District's responses to the exceptions identified in our performance of the SAUPs are attached. The District's responses were not subjected to any procedures applied in the SAUPs and, accordingly, we express no opinion or any assurance on them.

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

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

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

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana

June 14, 2022

Livingston Parish Gravity Drainage District 1
P.O. Box 1265
Denham Springs, Louisiana 70727

Management's Response to Agreed-Upon Procedures for 12-31-21 AUP audit:

1-Written Procedures: Information Technology Disaster Continuity (k)

Manager will compose a written emergency plan including the identification of the steps to recover from a critical event concerning the personnel needed or empowered to re-establish the IT systems currently in place, emergency procedures for recovery of lost data needed for operations and website, steps to produce the tools or equipment needed to safeguard technology data or recover from the critical event impact, and steps to recover the website data in a systematic and timely manner.

2-Bank Reconciliation review item (b)

Procedure will be revised in 2022 to require either the Chairman or Vice Chairman's review signature and to require the date reviewed on the documentation. (of the 24 reviews documented several were missing the date of the actual review by the authorized individual).

3-Credit Cards

One exception on the use of a credit cards regarding \$4.49 finance charge was found of the 12 monthly billings. The month in question was the result of a missing charge ticket holding up the payment which resulted in payment several days past the due date. The charge verification took several days to research due to the lost charge ticket being confirmed that it was the District's expense item.

Manager will be more expedient on any charge ticket matching in 2022 and verification of accuracy of all tickets. Payments in 2022 are now being made ahead of the due dates to avoid a service fee like the one noted.

4-Fraud Notice item (24)

Manager posted the Fraud Notice at the office site (R.S.24:523.1) but will post on the official website mid-year in 2022, the official Fraud Notice to be viewed by the public.

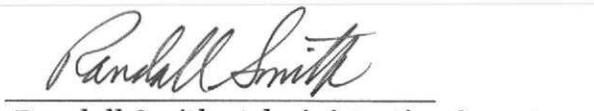
5-Training Sexual Harassment item (26) and item (27)

Manager will confirm and document that all personnel/officials have completed sexual harassment training by the end of 2022.

Manager will post to the website the official sexual harassment policy and complaint procedure on the current website in mid-year 2022.



Manager, Wesley Kinnebrew



Randall Smith, Administrative Secretary

6-13-22