

**LIVINGSTON PARISH GRAVITY DRAINAGE**  
**DISTRICT FIVE**

**REPORT ON AUDIT OF COMPONENT**  
**UNIT FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Livingston Parish Gravity Drainage  
District Five  
Livingston Parish Council  
Walker, Louisiana

### **Report on the Financial Statements**

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 Five, “the District,” a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

### **Management’s Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor’s Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Basis for Modified Opinion**

As described in Note 11 to the financial statements, management has not recorded an estimated expenditure, liability, revenue or receivable related to Hurricane Gustav debris removal services received under a cooperative endeavor agreement between the Livingston Parish Council and the Livingston Parish Gravity Drainage District Five. Documentation related to the costs associated with these services has not been provided by the Livingston Parish Council or the debris removal contractors for management to be able to estimate and record the estimated amounts in the financial statements.

Accounting principles generally accepted in the United States of America require that an adequate estimate be reported in the financial statements for receivables, liabilities, revenues and expenditures to account for the debris removal services and the associated grant reimbursements. The amount by which this departure would affect the assets, liabilities, fund balances, net position, revenues, and expenditures of the Government-Wide and the General Fund is not reasonably determinable as sufficient documentation was not available to adequately estimate the financial transactions.

### **Opinions**

In our opinion, except for the effect of the matter described in the “Basis for Modified Opinion” paragraph, 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 Five as of December 31, 2018, 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.

### **Report on Summarized Comparative Information**

We have previously audited the Livingston Parish Gravity Drainage District Five’s December 31, 2017 financial statements, and we expressed a modified opinion on those audited financial statements in our report dated June 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### *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 10, 2019, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
June 10, 2019

Livingston Parish Gravity Drainage  
District Five  
Walker, Louisiana  
Management's Discussion and Analysis  
December 31, 2018

**Introduction**

The Livingston Parish Gravity Drainage District Five (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments (GASB 34), as amended, and related standards.

The District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the District's financial statements in this report.

**Financial Highlights**

At December 31, 2018, the District's assets exceeded its liabilities by \$4,101,014 (net position). Of this amount, \$2,776,684 (unrestricted net position) may be used to meet the District's ongoing obligations to its citizens.

For the year ended December 31, 2018, the District's total net position increased by \$212,770.

At December 31, 2018, the District's general fund reported an ending fund balance of \$2,783,395, an increase of \$208,117 for the year.

At December 31, 2018, the District had cash and cash equivalents of \$1,513,185 and investments including certificates of deposit of \$319,501 and cash in the Louisiana Asset Management Pool of \$618,354 which represents a net increase in cash and investments of \$213,693 from the prior year.

For the year ended December 31, 2018, the District had capital asset additions of \$171,923 and disposals of \$63,515 on the government-wide financials and depreciation expense of \$167,080.

**Overview of the Annual Financial Report**

The financial statement focus is on both the District as a whole and on the major individual fund. Both perspectives, government-wide and the major fund, allow the user to address relevant questions, broaden a basis for comparison, and enhance the District's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the District's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### **Government-Wide Financial Statements**

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

The Statement of Net position presents information on the District's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of 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, focusing on both the gross and net costs of various activities that are supported by the District's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services.

The District's activities are presented as Governmental activities.

- Governmental activities - The District's basic services are reported here. These activities are financed primarily by sales taxes.

### **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 finance-related and legal requirements. The District uses a governmental fund to account for financial transactions. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the District's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for governmental funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the District's more immediate decisions on the current use of financial resources.

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.

### Notes to the Financial Statements

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

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The following table provides a summary of the District’s net position for the current year as compared to the prior year.

#### Net Position As of December 31, 2018 and 2017

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
Assets:		
Current and Other Assets	\$ 2,811,241	\$ 2,603,362
Capital Assets	1,324,330	1,319,487
Total Assets	4,135,571	3,922,849
Liabilities:		
Other Liabilities	27,846	28,084
Compensated Absences Payable	6,711	6,521
Total Liabilities	34,557	34,605
Net Position:		
Net Investment in Capital Assets	1,324,330	1,319,487
Unrestricted	2,776,684	2,568,757
Total Net Position	\$ 4,101,014	\$ 3,888,244

Approximately 32 percent of the District’s net position reflects its net investment in capital assets net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the District’s investment in its capital assets is reported net of related debt, if any, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities. There was no long term debt on capital assets at December 31, 2018.

Approximately 68 percent of the District’s net position is unrestricted and may be used to meet the District’s ongoing obligations to its citizens.

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position, both for the District as a whole, as well as for separate governmental activities. The same held true for the prior fiscal year.

The District's activities increased its total net position by \$212,770. In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the District's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities in this report.

**Changes in Net Position  
For the years ended December 31, 2018 and 2017**

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
Revenues:		
General Revenues:		
Sales Taxes	\$ 1,856,948	\$ 1,953,130
Interest Income	16,124	8,673
Miscellaneous Income	28,356	24,287
Gain (Loss) on Sale of Assets	16,740	45,841
Total Revenues	1,918,168	2,031,931
Expenses:		
Public Works	1,705,398	1,660,617
Total Expenses	1,705,398	1,660,617
Change in Net Position	212,770	371,314
Net Position, Beginning	3,888,244	3,516,930
Net Position, Ending	\$ 4,101,014	\$ 3,888,244

**Governmental Activities**

Revenues for governmental activities decreased by \$113,763 or 6 percent, due primarily to a decrease in sales tax revenue of \$96,182 or five percent (primarily from decreases in sales subject to sales tax), and a decrease in gain on the sale of capital assets of \$29,101. Sales tax revenues represent 97 percent of the District's total revenues.

On October 28, 2013, the District passed a resolution requesting an election to be held on April 5, 2014. The purpose of the election was to renew the one half of one percent sales tax for a period of ten years for acquiring drainage works, equipment and facilities necessary to construct, maintain, and operate outlets for the water of the District, and prevent flooding. The sales tax was renewed and will expire in 2025.

Expenses increased by 3 percent or \$44,781, with the greatest increase consisting of depreciation expense of \$34,819. Other increases included health insurance and HRA expense \$20,712, and professional fees expense at \$6,614. Insurance expense decreased \$17,463.

This follows a nine percent increase in total expense in 2017 and a three and a half percent increase in 2016.

## **Fund Financial Analysis**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

The general fund is the only fund of the District. At the end of the current year, the total fund balance for the general fund was \$2,783,395. Of this amount, \$51,630 was considered nonspendable under GASB 54 fund balance and \$2,731,765 was unassigned. Total fund balance represented 163 percent of total general fund expenditures.

### **General Fund Budgetary Highlights**

There were no funds that had actual revenues and other sources under budgeted revenues and other sources or actual expenditures and other uses over budgeted amounts resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended December 31, 2018.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

The District's investment in capital assets as of December 31, 2018 amounts to \$1,324,330 (net of depreciation). The total increase in the District's investment in capital assets for the current fiscal year was \$4,843 (net of depreciation).

The following table provides a summary of the District’s capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 5 of the financial statements.

**Capital Assets (Net of Depreciation)  
As of December 31, 2018 and 2017**

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
<b>Capital Assets</b>		
Land and Right of Way	\$ 73,878	\$ 73,878
Buildings and Improvements	310,772	310,772
Machinery and Equipment	1,823,437	1,804,837
Furniture and Fixtures	22,675	22,675
Infrastructure	226,879	226,879
Vehicles	471,881	382,073
Subtotal Capital Assets	2,929,522	2,821,114
Less: Accumulated Depreciation	(1,605,192)	(1,501,627)
Capital Assets, Net	\$ 1,324,330	\$ 1,319,487

Capital asset additions included \$119,018 for three trucks, \$21,880 for a mulcher, \$10,970 for a mower, \$8,569 for an ATV, \$7,833 for a four-wheeler, \$2,253 for security cameras, \$700 for a service jack, and \$700 for a phone.

Capital asset disposals included two trucks with a cost of \$58,715 that were fully depreciated and a gooseneck trailer with a cost of \$4,800 that was fully depreciated.

**Contacting the District’s Financial Management**

This financial report is designed to provide the District’s citizens, taxpayers, creditors and investors with a general overview of the District’s finances and show the District’s accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Livingston Parish Gravity Drainage District Five, 32030 Avants Road, Post Office Box 328, Walker, LA 70785.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

**STATEMENT OF NET POSITION**

DECEMBER 31, 2018  
(With Comparative Totals as of December 31, 2017)

	Governmental Activities	
	2018	2017
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,513,185	\$ 1,314,904
Investments	937,855	922,443
Receivables:		
Intergovernmental	307,692	306,708
Prepaid Expenses	51,630	58,428
Other Assets	879	879
Capital Assets:		
Non-depreciable	73,878	73,878
Depreciable, Net	1,250,452	1,245,609
Total Assets	\$ 4,135,571	\$ 3,922,849
<b>LIABILITIES</b>		
Accounts Payable	\$ 3,852	\$ 7,813
Other Accrued Liabilities	23,994	20,271
Compensated Absences Payable	6,711	6,521
Total Liabilities	34,557	34,605
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,324,330	1,319,487
Unrestricted	2,776,684	2,568,757
Total Net Position	4,101,014	3,888,244
Total Liabilities and Net Position	\$ 4,135,571	\$ 3,922,849

The accompanying notes constitute an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018  
(With Comparative Totals for the Year Ended December 31, 2017)

	Governmental Activities	
	2018	2017
<b>Expenses:</b>		
Public Works	\$ 1,538,318	\$ 1,528,356
Depreciation	167,080	132,261
Total Expenses	1,705,398	1,660,617
<b>General Revenues:</b>		
Taxes - Sales	1,856,948	1,953,130
Interest Income	16,124	8,673
Miscellaneous Income	28,356	24,287
Gain on Sale of Assets	16,740	45,841
Total General Revenues	1,918,168	2,031,931
Change in Net Position	212,770	371,314
<b>Net Position - Beginning of Year</b>	3,888,244	3,516,930
<b>Net Position - End of Year</b>	\$ 4,101,014	\$ 3,888,244

The accompanying notes constitute an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

**BALANCE SHEET - GENERAL FUND**

DECEMBER 31, 2018  
(With Comparative Totals as of December 31, 2017)

	General Fund	
	2018	2017
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,513,185	\$ 1,314,904
Investments	937,855	922,443
Sales Tax Receivable, Net of Collection Fees	307,692	306,708
Prepaid Insurance	51,630	58,428
Other Assets	879	879
Total Assets	\$ 2,811,241	\$ 2,603,362
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable	\$ 3,852	\$ 7,813
Accrued Salaries	11,690	9,321
Other Liabilities	12,304	10,950
Total Liabilities	27,846	28,084
Fund Equity:		
Nonspendable:		
Prepaid Expenses	51,630	58,428
Unassigned	2,731,765	2,516,850
Total Fund Balances	2,783,395	2,575,278
Total Liabilities and Fund Balances	\$ 2,811,241	\$ 2,603,362

The accompanying notes constitute an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

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

DECEMBER 31, 2018  
(With Comparative Totals as of December 31, 2017)

	2018	2017
Fund Balance - Total Governmental Fund	\$ 2,783,395	\$ 2,575,278
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund</p>		
Governmental Capital Assets	2,929,522	2,821,114
Less: Accumulated Depreciation	(1,605,192)	(1,501,627)
	1,324,330	1,319,487
<p>Long term liabilities are not due and payable in the current period and therefore not reported in the governmental fund:</p>		
Compensated Absences	(6,711)	(6,521)
Net Position of Governmental Activities	\$ 4,101,014	\$ 3,888,244

The accompanying notes constitute an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

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

FOR THE YEAR ENDED DECEMBER 31, 2018  
(With Comparative Totals for the Year Ended December 31, 2017)

	General Fund	
	2018	2017
<b>Revenues:</b>		
Sales Tax Collected	\$ 1,856,948	\$ 1,953,130
Interest	16,124	8,673
Miscellaneous Income	28,356	24,287
Total Revenues	1,901,428	1,986,090
<b>Expenditures:</b>		
Public Works:		
Salaries	747,965	744,055
Benefits	348,075	329,238
Payroll Taxes	59,967	59,542
Per Diem - Board Members	11,700	10,400
Sales Tax Collection Fees	34,687	35,756
Insurance	135,465	152,928
Other Operating Expenses	22,989	21,401
Professional Fees	45,098	38,484
Repairs and Maintenance	43,944	53,032
Supplies	27,900	27,541
Utilities	20,078	19,156
Vehicle	40,260	35,253
	1,538,128	1,526,786
Capital Outlay	171,923	524,531
Total Expenditures	1,710,051	2,051,317
Excess (Deficiency) of Revenues Over Expenditures	191,377	(65,227)
Other Financing Source:		
Proceeds from Sale of Capital Asset	16,740	52,425
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	208,117	(12,802)
<b>Fund Balance at Beginning of Year</b>	2,575,278	2,588,080
<b>Fund Balance at End of Year</b>	\$ 2,783,395	\$ 2,575,278

The accompanying notes constitute an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

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

FOR THE YEAR ENDED DECEMBER 31, 2018  
(With Comparative Totals for the Year Ended December 31, 2017)

	2018	2017
<b>Net Change in Fund Balance - Total Governmental Fund</b>	\$ 208,117	\$ (12,802)
<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	171,923	524,531
Depreciation Expense	(167,080)	(132,261)
	4,843	392,270
Add accumulated depreciation on capital assets retired during the year	63,515	167,288
Less cost basis of capital assets retired during the year	(63,515)	(173,872)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p>		
(Increase) Decrease in Compensated Absences Payables	(190)	(1,570)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 212,770</b>	<b>\$ 371,314</b>

The accompanying notes constitute an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

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

FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Sales Tax Collected	\$ 1,600,000	\$ 1,715,000	\$ 1,856,948	\$ 141,948
Interest	618	585	16,124	15,539
Miscellaneous Income	-	28,356	28,356	-
Total Revenues	1,600,618	1,743,941	1,901,428	157,487
<b>Expenditures:</b>				
Public Works:				
Salaries	800,000	800,000	747,965	52,035
Benefits	360,000	360,000	348,075	11,925
Payroll Taxes	85,000	85,000	59,967	25,033
Per Diem - Board Members	12,500	12,500	11,700	800
Sales Tax Collection Fees	70,000	70,000	34,687	35,313
Insurance	170,000	170,000	135,465	34,535
Other Operating Expenses	34,500	34,500	22,989	11,511
Professional Fees	80,000	70,000	45,098	24,902
Equipment Rental	20,000	-	-	-
Repairs and Maintenance	70,000	70,000	43,944	26,056
Supplies	34,500	34,500	27,900	6,600
Utilities	22,000	22,000	20,078	1,922
Vehicle	70,000	70,000	40,260	29,740
	1,828,500	1,798,500	1,538,128	260,372
Capital Outlay	750,000	500,000	171,923	328,077
Total Expenditures	2,578,500	2,298,500	1,710,051	588,449
Excess (Deficiency) of Revenues Over Expenditures	(977,882)	(554,559)	191,377	745,936
Other Financing Source:				
Proceeds from Sale of Capital Asset	-	16,740	16,740	-
Net Change in Fund Balance	(977,882)	(537,819)	208,117	745,936
<b>Fund Balance at Beginning of Year</b>	<u>2,575,278</u>	<u>2,575,278</u>	<u>2,575,278</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 1,597,396</u>	<u>\$ 2,037,459</u>	<u>\$ 2,783,395</u>	<u>\$ 745,936</u>

The accompanying notes constitute an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

**(1) Summary of Significant Accounting Policies and Nature of Operations -**

Livingston Parish Gravity Drainage District Five “the District” is a corporate body created by the Livingston Parish Council, as provided by Louisiana Revised Statutes R.S. 38:1751, et. seq. The District is governed by a board of five commissioners. The board members are compensated for meeting attendance at a rate of \$100 per meeting. The District is located in Walker, Louisiana.

On January 15, 2005, an election was held whereby the voters of Livingston Parish Gravity Drainage District Five approved the renewal of a ½% sales and use tax for ten years which expired in 2015 for the purpose of “constructing, improving and maintaining drainage facilities within and for the district and purchasing necessary equipment.”

On August 5, 2014, an election was held whereby the voters of Livingston Parish Gravity Drainage District Five approved the renewal of the one half of one percent sales tax for a period of ten years for “acquiring drainage works, equipment and facilities necessary to construct, maintain, and operate outlets for the water of the District, and prevent flooding.”

The District’s taxes are collected by the Livingston Parish School Board and are remitted to the District monthly. The District pays the School board a fee for this service.

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 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 accordance 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 funds 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 FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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, operating grants, or 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 FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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, 2018, 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 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.

**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 sixty day 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 FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

D. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

E. Receivables and Revenues

Sales and use taxes receivable are reported net of collection cost charged by the Livingston Parish School Board for collecting the tax on behalf of the District. Sales tax revenue and receivable are recorded in the month collected by the vendor.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, equipment, and vehicles, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The district maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	10 to 40 years
Machinery and Equipment	5 to 12 years
Furniture and Fixtures	5 years
Infrastructure	20 years
Vehicles	5 to 10 years

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

H. Budgetary Practices

The District utilizes the following budgetary practices:

1. The District Clerk prepares a proposed budget and submits same to the Chairman and Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. A budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

For the fiscal year ended December 31, 2018, actual revenues were above final budgeted appropriation and actual expenditures were below final budgeted appropriations in variances within the 5% statutory guidelines, and there were no violations of the Louisiana Local Budget Act.

I. 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.

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

J. 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 Commission'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, 2018, the District had no outstanding encumbrances.

K. Accumulated Unpaid Vacation and Sick Pay

The District has the following policy related to vacation and sick leave:

Vacation is earned from the first day of employment but cannot be taken until after the first year of employment. Full time employees with one to seven years of continuous employment receive ten working days of paid vacation each year. Employees with eight to seventeen years of continuous employment receive fifteen working days of paid vacation each year. Employees with eighteen or more years of continuous service receive twenty working days of paid vacation each year. Employees may carry over one week of accrued vacation time to the following year. However, any vacation will be forfeited if not taken by June 30th of the following year. If termination occurs after six months of continuous service, the terminated employee shall receive payment for the unused vacation earned. As of December 31, 2018, the accrued liability for unpaid vacation benefits amounted to \$6,711.

Full time employees with one to three years of continuous service may earn ten days of sick leave per year. Employees with three to ten years of service earn fifteen days of sick leave per year. Employees with ten or more years of service earn twenty days of sick leave per year. Unused sick leave can be accumulated to a maximum of 320 hours. Unused sick leave cannot be paid out to employees upon termination.

In accordance with GASB-16, Accounting for Compensated Absences, no liability has been accrued for unused employee sick leave.

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

L. Net Position

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

M. Summary Financial Information for 2017

The financial statements include certain prior year summarized comparative 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, 2017, from which the summarized information was derived.

N. 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.

**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.

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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.

**(2) Cash and Cash Equivalents -**

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with original maturity dates of 90 days or less. 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.

Cash and cash equivalents and investments are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash and cash equivalents and investments at December 31, 2018:

	Book Balance	Bank Balance
Petty Cash	\$ 250	\$ -
Deposits in Bank Accounts	1,512,935	1,514,598
	\$ 1,513,185	\$ 1,514,598

**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, 2018, none of the District's bank balance of \$1,514,598 was exposed to custodial credit risk.

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

**(3) Investments -**

Investments at December 31, 2018, consist of \$319,501 in certificates of deposits with original maturity dates greater than 90 days which are stated at cost which approximates market. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposits with redemption terms that do not consider market rates, are reported using a cost-based measure which is permitted per GASB Statement No. 31. Investments also consist of \$618,354 in the Louisiana Asset Management Pool (LAMP), a local government external investment pool. The LAMP investment is stated at fair value.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

LAMP is a 2a7 - like investment pool. The following facts are relevant for 2a7 like investment pools:

- **Credit risk**: LAMP is rated AAAM by Standards and Poor's.
- **Custodial credit risk**: In the case of LAMP participants, investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required. In the case of certificates of deposit, this is the risk that in the event of a bank failure, the District's investments may not be returned to it. As of December 31, 2018, none of the District's investments in certificates of deposits of \$319,501 was exposed to custodial credit risk because it was fully insured.
- **Concentration of credit risk**: Pooled investments are excluded from the five percent disclosure requirement.
- **Interest rate risk**: 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement. The District does not have a formal investment policy that limits investments' maturities as a means of managing its exposure to fair value arising from increasing interest rates.
- **Foreign currency risk**: Not applicable to 2a7-like pools.

**LIVINGSTON PARISH GRAVITY DRAINAGE  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by writing to LAMP, Inc., 650 Poydras Street, Suite 2220, New Orleans, Louisiana 70130, or by calling (800) 249-5267.

**(4) Receivables -**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. The major receivable balance for the governmental activities is from sales tax.

In the fund financial statements, the material receivable in governmental funds also includes a revenue accrual for sales tax, since it is both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days, since they would be considered both measurable and available. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

The Governmental Fund receivables at December 31, 2018 consist of the following:

	<u>General Fund</u>
Governmental Receivables:	
Sales Tax Receivable	\$ 307,692
	<u>                    </u>

**LIVINGSTON PARISH GRAVITY DRAINAGE  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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**(5) Changes in Capital Assets -**

Capital asset activity for the year ended December 31, 2018 is as follows:

<u>Governmental Activities</u>	<u>Balance December 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2018</u>
<b>Capital Assets not being Depreciated:</b>				
Land and Right of Way	\$ <u>73,878</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>73,878</u>
Total Capital Assets not being Depreciated	73,878	-	-	73,878
<b>Capital Assets being Depreciated:</b>				
Building and Improvements	310,772	-	-	310,772
Equipment	1,804,837	52,905	(34,305)	1,823,437
Furniture and Fixtures	22,675	-	-	22,675
Infrastructure	226,879	-	-	226,879
Vehicles	<u>382,073</u>	<u>119,018</u>	<u>(29,210)</u>	<u>471,881</u>
Total Capital Assets being Depreciated	2,747,236	171,923	(63,515)	2,855,644
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	115,980	8,791	-	124,771
Equipment	1,094,591	104,189	(34,305)	1,164,474
Furniture and Fixtures	22,675	-	-	22,675
Infrastructure	13,707	11,344	-	25,051
Vehicles	<u>254,674</u>	<u>42,756</u>	<u>(29,210)</u>	<u>268,220</u>
Total Accumulated Depreciation	<u>1,501,627</u>	<u>167,080</u>	<u>(63,515)</u>	<u>1,605,192</u>
Total Capital Assets being Depreciated, Net	<u>1,245,609</u>	<u>4,843</u>	<u>-</u>	<u>1,250,452</u>
Total Governmental Activities Capital Assets, Net	<u>\$1,319,487</u>	<u>\$ 4,843</u>	<u>\$ -</u>	<u>\$1,324,330</u>

Depreciation expense for the year ended December 31, 2018 is \$167,080, as reported in the Statement of Activities.

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

**(6) Long-Term Debt -**

The Livingston Parish Gravity Drainage District Five has no long-term debt transactions for the year ended December 31, 2018.

**(7) Leases -**

The District has no outstanding capital or operating leases at December 31, 2018.

**(8) Litigation -**

At December 31, 2018, there is no litigation pending against the District.

**(9) Compensated Absences, Pension Plan, and Other Postemployment Benefits -**

At December 31, 2018, the employees of the District have accumulated and vested \$6,711 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The District has no plan or provision for other post-employment benefits.

Effective January 1, 2009, the District changed to a new IRC 403 (b) plan administered by Expert Plan in order to comply with a law change requiring written plan documents for 2009. Under the new plan, as with the old plan, there is no written guaranteed employer contribution. However, it is the District's current intention to continue similar timing for discretionary plan contributions based on a percentage of employee contributions determined by the Board. Retirement expense at December 31, 2018 was \$18,555.

**(10) Per Diem Paid Board Members -**

All of the Board of Commissioners receive a per diem of \$100 per meeting for attending each regular or special meeting of the board. All Board Members serve five year terms. Per diems paid to the board members for 2018 were as follows:

Preston Killcrease, Chairman (January 1 - August 12, 2018)	\$ 1,300
Richard Harris, Chairman (August 13 - December 31, 2018)	2,500
Robert Huffman, Jr., Vice Chairman	2,500
Brent Clayton	1,600
Jimmy Dunlap	2,500
Stephen Howze	700
William Yawn	<u>600</u>
	<u>\$11,700</u>

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

**(11) Contingency -**

On September 25, 2008, the District entered into a Cooperative Endeavor Agreement (CEA) with the Livingston Parish Council (LPC) in accordance with Article VII Section 14 and Article VI Section 20 of the Louisiana Constitution. The purpose of the CEA was for the District to use the services of the contractor hired by the LPC for debris cleanup caused by Hurricane Gustav and to foster greater economy and efficiency than the District hiring its own debris cleanup contractor. According to the CEA, the LPC's debris contractor would remove all debris located within the confines of the District in accordance with the "Debris Removal Agreement" between the LPC and the contractor, and only the debris or areas that the District authorized the contractor to cleanup. According to the terms of the CEA, the District agreed to pay all cost related to the debris removal within the boundaries of its District including any cost declared ineligible for reimbursement by the Federal Emergency Management Agency (FEMA).

The contractor performed debris cleanup services from September 25, 2008 through approximately May 13, 2009, which is the date the LPC's President stopped all debris removal services being performed by the contractor. The total cost of the debris removal services performed by all contractors is the subject of a dispute between the LPC, the debris contractors and FEMA. As of the date of this report, the District has not received detailed invoices to be able to determine the total liability that the District may owe under the terms of the CEA. Due to management not having the necessary invoice documentation to review and approve the debris removal costs associated with services performed within the boundaries of the District along with unresolved matters under dispute between the debris contractors, LPC and FEMA, management is not able to reasonably estimate a liability or estimate the receivable due from FEMA, if any, to record in these financial statements. Although no cost or invoice documentation has been provided to the District, management believes the liability owed and federal reimbursement receivable will likely be material to these financial statements.

**(12) Schedule of Compensation, Benefits and Other Payments to Agency Head -**

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by Preston Killcrease, Board Chairman (January 1 – August 12, 2018), and Richard Harris, Board Chairman (August 13 – December 31, 2018), who were the acting agency heads for the year ended December 31, 2018:

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

	<u>Preston Killcrease</u>	<u>Richard Harris</u>
Salary	\$ -	\$ -
Benefit Retirement	-	-
Benefit Insurance	-	-
Per Diem	1,300	2,500
Employer Paid Medicare & Social Security	99	191
Travel Reimbursements	-	-
Conferences/Meals	-	-
Total Compensation	\$ 1,399	\$ 2,691

**(13) Current Accounting Pronouncements -**

In November 2016, the Governmental Accounting Standards Board issued GASB Statement No 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type

**LIVINGSTON PARISH GRAVITY DRAINAGE  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

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.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. 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 March 2018, the Governmental Accounting Standards Board issued GASB Statement No 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability

**LIVINGSTON PARISH GRAVITY DRAINAGE  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

In June 2018, the Governmental Accounting Standards Board issued GASB Statement No 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In August 2018, the Governmental Accounting Standards Board issued GASB Statement No 90, Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

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

**(14) Subsequent Events -**

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 10, 2019, 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 Five  
Livingston Parish Council  
Walker, 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 and the major fund of the Livingston Parish Gravity Drainage District Five, (the District) a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2018, 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 10, 2019.

**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) to determine the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 determination of financial statement amounts. 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,

*Harris T. Bourgeois, LLP*

Denham Springs, Louisiana  
June 10, 2019

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

**SCHEDULE OF FINDINGS AND RESPONSES**

FOR THE YEAR ENDED DECEMBER 31, 2018

**Current Year Findings:**

**Internal Control Over Financial Reporting**

None

**Compliance and Other Matters**

None

**LIVINGSTON PARISH GRAVITY DRAINAGE  
DISTRICT FIVE**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

FOR THE YEAR ENDED DECEMBER 31, 2018

**Prior Year Findings:**

**Internal Control Over Financial Reporting**

None

**Compliance and Other Matters**

None

**LIVINGSTON PARISH GRAVITY DRAINAGE**  
**DISTRICT FIVE**

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

**DECEMBER 31, 2018**

**WALKER, LOUISIANA**

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Independent Accountant's Report  
on Applying Agreed-Upon Procedures

Board of Commissioners  
Livingston Parish Gravity Drainage  
District Five  
Livingston Parish Council  
Walker, Louisiana

We have performed the procedures enumerated below, which were agreed to by Livingston Parish Gravity Drainage District Five (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

***Bank Reconciliations***

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1. Obtain a listing of client 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 account (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 selected each 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, 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); and – **No exceptions.**

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable. – **No exceptions.**

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

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- 2. 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.**
- 3. For each location selected under #2 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.**
- 4. For each location selected under #2 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 that the disbursement matched the related original invoice/billing statement. – **No exceptions.**
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties, as applicable. – **No exceptions.**

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

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- 5. 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.**
- 6. 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 that 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]] – **No exceptions.**

- b) Observe that finance charges and late fees were not assessed on the selected statements. – **No exceptions.**
7. Using the monthly statements or combined statements selected under #6 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 that it is supported by:
- a) an original itemized receipt that identifies precisely what was purchased, – **No exceptions.**
  - b) written documentation of the business/public purpose, and – **No exceptions.**
  - c) documentation of the individuals participating in meals (for meal charges only). – **No exceptions.**

### ***Travel and Expense Reimbursements***

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8. 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: – **No travel and related expense reimbursements during the current fiscal period.**
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)). – **No exceptions.**
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased – **No exceptions.**
  - c) Observe that 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. – **No exceptions.**
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement – **No exceptions.**

### ***Contracts***

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9. 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* 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 that 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 that 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 that the original contract terms provided for such an amendment. – **No exceptions.**
- 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 that the invoice and related payment agreed to the terms and conditions of the contract. – **No exceptions.**

### ***Debt Service***

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- 10. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued. – **The District did not issue any debt during the fiscal period.**
- 11. 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. – **The District had no outstanding debt during the fiscal period.**

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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 10, 2019