

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

Financial Statements with Supplementary Information

December 31, 2020

(With Independent Accountants' Compilation Report Thereon)

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

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Stephen M. Griffin, CPA
Robert J. Furman, CPA

Jessica S. Benjamin, Director

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Members

American Institute of
Certified Public Accountants
Society of LA CPA's

Independent Accountants' Compilation Report

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

Management is responsible for the accompanying basic financial statements of the governmental activities of Sub-Drainage District No. 3 of Gravity District No. 5 of the Parish of St. Tammany, State of Louisiana (the District), as of and for the year ended December 31, 2020, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

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

The other supplementary information on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Griffin & Furman, LLC

January 18, 2021

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

Statement of Net Position

December 31, 2020

(See Independent Accountants' Compilation Report)

<u>Assets</u>		
Cash & cash equivalents	\$ 14,717	
Prepaid insurance	3,240	
Capital assets	<u>460,373</u>	
		<u>\$ 478,330</u>
<u>Liabilities & Net Position</u>		
Net Position:		
Net investment in capital assets	\$ 460,373	
Unrestricted	<u>17,957</u>	
Total net position		<u>478,330</u>
Total liabilities & net position		<u>\$ 478,330</u>

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

Statement of Activities

For the Year Ended December 31, 2020

(See Independent Accountants' Compilation Report)

Expenses:		
Accounting & audit	\$	(3,400)
Assessor's office parcel fee		(302)
Bank charges		(611)
Sheriff's collection fee		(4,249)
Insurance		(3,113)
Repairs & maintenance		(7,500)
Management fee		<u>(2,500)</u>
Total expenses		(21,675)
General Revenues:		
Parcel fees		<u>56,600</u>
Total general revenues		56,600
Non-Operating Revenue (Expense):		
Interest income		<u>109</u>
Total non-operating revenue (expense)		<u>109</u>
Change in net position		35,034
Net position - beginning of year		<u>443,296</u>
Net position - end of year	\$	<u><u>478,330</u></u>

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

Governmental Funds

Balance Sheet

December 31, 2020

(See Independent Accountants' Compilation Report)

	<u>Assets</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital Projects</u>	
Current Assets:			
Cash & cash equivalents	\$ 8,097	6,620	14,717
Prepaid insurance	<u>3,240</u>	<u>-</u>	<u>3,240</u>
	<u>\$ 11,337</u>	<u>6,620</u>	<u>17,957</u>

	<u>Liabilities & Fund Balances</u>		
Fund Balance:			
Committed to capital projects	\$ 8,097	6,620	14,717
Nonspendable	<u>3,240</u>	<u>-</u>	<u>3,240</u>
Total fund balances	<u>11,337</u>	<u>6,620</u>	17,957
Total liabilities & fund balances	<u>\$ 11,337</u>	<u>6,620</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>460,373</u>
Net position of governmental activities	<u>\$ 478,330</u>

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

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended December 31, 2020

(See Independent Accountants' Compilation Report)

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:			
Parcel fees	\$ -	56,600	56,600
Interest income	12	97	109
	<hr/>	<hr/>	<hr/>
Total revenues	12	56,697	56,709
	<hr/>	<hr/>	<hr/>
Expenditures:			
General			
Administrative expense	5,894	632	6,526
Accounting & audit	3,400	-	3,400
Sheriff's collection fee	-	4,249	4,249
Repairs & maintenance	-	7,500	7,500
Capital outlay	-	31,513	31,513
	<hr/>	<hr/>	<hr/>
Total expenditures	9,294	43,894	53,188
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Transfers (to)/from other funds	12,931	(12,931)	-
	<hr/>	<hr/>	<hr/>
Total other financing sources	8,051	(8,051)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(1,231)	4,752	3,521
Fund balances, beginning of period	12,568	1,868	14,436
	<hr/>	<hr/>	<hr/>
Fund balances, end of period	\$ 11,337	6,620	17,957
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Governmental Funds

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

For the Year Ended December 31, 2020

(See Independent Accountants' Compilation Report)

Net change in fund balances - total governmental funds	\$ 3,521
 Amounts reported for governmental activities in the Statement of Activities are different because:	
 Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is capitalized and depreciated when applicable.	 <u>31,513</u>
 Change in net position of governmental activities	 <u><u>\$ 35,034</u></u>

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

Governmental Funds

**Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budgetary Basis) - General Fund**

For the Year Ended December 31, 2020

(See Independent Accountants' Compilation Report)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Parcel Fees	\$ -	-	-	-
Interest income	<u>12</u>	<u>12</u>	<u>12</u>	<u>-</u>
Total revenues	<u>12</u>	<u>12</u>	<u>12</u>	<u>-</u>
Expenditures:				
General				
Administrative expense	6,050	6,050	5,894	156
Accounting & audit	3,946	3,946	3,400	546
Sheriff's collection fee	-	-	-	-
Repairs & maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>9,996</u>	<u>9,996</u>	<u>9,294</u>	<u>702</u>
Other:				
Transfers (to)/from other funds	<u>9,984</u>	<u>9,984</u>	<u>8,051</u>	<u>1,933</u>
Net change in fund balances	-	-	(1,231)	(1,231)
Fund balances, beginning of period	<u>12,568</u>	<u>12,568</u>	<u>12,568</u>	<u>-</u>
Fund balances, end of period	<u>\$ 12,568</u>	<u>12,568</u>	<u>11,337</u>	<u>(1,231)</u>

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

**Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer**

For the Year Ended December 31, 2020

Peter Persson, Chairman of the District, received no compensation, benefits, or other payments of any kind during the year ended December 31, 2020.

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

Schedule of Findings and Management Corrective Action Plan

For the Year Ended December 31, 2020

Finding 2020-1:

Criteria:

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition & Cause:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Company's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management Corrective Action Plan:

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare the Company's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

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

Status of Prior Year Findings

For the Year Ended December 31, 2020

Finding 2019-1:

Criteria:

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition & Cause:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Company's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management Corrective Action Plan:

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare the Company's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

Status of Finding:

There is no change in the status of this comment.