

ANNUAL FINANCIAL REPORT
ST. TAMMANY DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022
(SEE ACCOUNTANTS' REVIEW REPORT)



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Commissioners
St. Tammany Parish Drainage District No. 2
Slidell, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Tammany Parish Drainage District No. 2 (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of my our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



To the Board of Commissioners
St. Tammany Parish Drainage District No. 2
April 27, 2023

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on page 2 through page 5 and the budgetary comparison schedule on page 19 be presented to supplement the basic financial statements. Such information, although not a required 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. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Other Supplementary Information

The schedule of compensation, benefits, and other payments to agency head on page 20 is presented for purposes of additional analysis as required by Act 706 of the 2014 Louisiana Legislative Session and is not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

April 27, 2023
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2022

As financial management of St. Tammany Parish Drainage District No. 2 (the District), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ending December 31, 2022. This discussion and analysis is designed to assist the reader on focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The assets of the District exceeded its liabilities by \$569,085 at December 31, 2022. The net position increased by \$335,875 from the previous year.

The District's total revenues increased to \$370,707 from \$148,627, primarily due to revenues from the Federal Emergency Management Agency (FEMA). Expenditures for the relevant period increased to \$34,832 from \$22,172, due to the increase in depreciation expense from new pump equipment and pump repairs and the end of rental payments on a temporary pump.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report required additional supplemental information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Position. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

The second government-wide statement is the Statement of Activities, which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

The government-wide financial statements are presented on pages 6 & 7 of this report.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2022

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole.

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 8 - 11 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 12 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparison schedules for the general fund. Required supplemental information can be found on page 19 of this report.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$569,085. The following table provides a summary of the District's net position:

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2022

SUMMARY OF NET POSITION
AS OF DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 588,718	\$ 233,393
Total assets	<u>588,718</u>	<u>233,393</u>
Current liabilities	<u>19,633</u>	<u>183</u>
Total liabilities	<u>19,633</u>	<u>183</u>
Net position:		
Net investment in capital assets	108,418	16,552
Unrestricted	<u>460,667</u>	<u>216,658</u>
Total net position	<u>\$ 569,085</u>	<u>\$ 233,210</u>

The District's cash balance increased as of December 31, 2022 mainly due to the increase in revenues in the current year. Net position increased by \$335,875 as of December 31, 2022 due to the increase in other revenue used for the procurement of pump equipment.

CHANGE IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Revenues:		
Acreage fees	\$ 93,384	\$ 85,597
Other	<u>277,323</u>	<u>63,030</u>
Total revenues	<u>370,707</u>	<u>148,627</u>
Expenses:		
General governmental	<u>34,832</u>	<u>22,172</u>
Total expenses	<u>34,832</u>	<u>22,172</u>
Increase (decrease) in net position	<u>\$ 335,875</u>	<u>\$ 126,455</u>
Ending net position	<u>\$ 569,085</u>	<u>\$ 233,210</u>

Acreage fees increased by \$7,787 in 2022 as compared to 2021. Expenses for the District increased by \$12,660 in 2022 as compared to 2021.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2022

BUDGETARY HIGHLIGHTS

During the year ended December 31, 2022, revenues were greater than the amounts included in the budget, resulting in a favorable variance of \$4,189. During the year ended December 31, 2022, expenditures were less than the amounts included in the budget, resulting in a favorable variance of \$12,977.

ECONOMIC FACTORS AND A LOOK AT NEXT YEAR

The District expects to continue to be funded through acreage fees. The District is to serve the citizens through collaboration and transparency and is committed to fiscal responsibility and maintaining the trust from the citizens with their tax dollars.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Mr. Allen Champagne, St. Tammany Parish Drainage District No. 2, P.O. Box 2165, Slidell, LA 70459.

BASIC FINANCIAL STATEMENTS

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2022

(See Independent Accountants' Review Report)

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 101,204
Receivables, net	69,973
Capital assets, net of accumulated depreciation	<u>417,541</u>
Total assets	<u>588,718</u>
 <u>LIABILITIES:</u>	
Accounts payable	<u>\$ 19,633</u>
Total liabilities	<u>19,633</u>
 <u>NET POSITION:</u>	
Net investment in capital assets	417,541
Unrestricted	<u>151,544</u>
Total net position	<u>\$ 569,085</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

(See Independent Accountants' Review Report)

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenues and Change in Net Position
<u>Governmental activities:</u>			
General government	\$ 34,832	\$ -	\$ (34,832)
		General revenues:	
		Acreage fees	93,384
		Other	<u>277,323</u>
		Total general revenues	<u>370,707</u>
		Change in net position	<u>335,875</u>
		Net position - beginning	<u>233,210</u>
		Net position - ending	<u>\$ 569,085</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUND
AS OF DECEMBER 31, 2022

(See Independent Accountants' Review Report)

	<u>General Fund</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 101,204
Receivables, net	<u>69,973</u>
 Total assets	 <u>\$ 171,177</u>
 <u>LIABILITIES:</u>	
Accounts payable	<u>\$ 19,633</u>
 Total liabilities	 <u>19,633</u>
 <u>FUND BALANCE:</u>	
Unassigned	<u>151,544</u>
 Total fund balance	 <u>151,544</u>
 Total liabilities and fund balance	 <u>\$ 171,177</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2022

(See Independent Accountants' Review Report)

Fund balance - governmental fund	\$	151,544
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 governmental fund.		<u>417,541</u>
Net position of governmental activities	\$	<u><u>569,085</u></u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

(See Independent Accountants' Review Report)

	<u>General Fund</u>
<u>REVENUES:</u>	
Acreage fees	\$ 93,384
Other	<u>277,323</u>
Total revenues	<u>370,707</u>
<u>EXPENDITURES:</u>	
General Government:	
Maintenance and repairs	12,300
Utilities	8,950
General and administrative	214
Accounting and legal fees	2,150
Tax roll fee	54
Capital outlay	<u>309,123</u>
Total expenditures	<u>332,791</u>
Excess of revenues over expenditures	37,916
FUND BALANCE, BEGINNING	<u>113,628</u>
FUND BALANCE, ENDING	<u><u>\$ 151,544</u></u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA
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, 2022

(See Independent Accountants' Review Report)

Net change in fund balance - government fund	\$	37,916
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Amounts reported for governmental activities in the Statement of Activities are different because:

Government funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital asset additions exceeds depreciation expense in the current period.

297,959

Change in net position of governmental activities	\$	<u>335,875</u>
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The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

In accordance with R.S. 1674.15, St. Tammany Parish Drainage District No. 2 (the District) was created and given authority to accept and approve any and all drainage facilities constructed at the expense of landowners within the assessment area and donation thereof. According to R.S. 1608, the St. Tammany Parish Government is to appoint five commissioners, who shall constitute the governing authority of the District. The commissioners oversee the operations and maintenance of levees and drainage in the District as well as upkeep and maintenance of the drainage facilities. In order to accomplish the operations of the District, the commissioners may impose an annual acreage tax. The commissioners are not compensated and the District does not have any employees. The District serves the area east of Interstate 10 in St. Tammany Parish.

GASB Statement No. 14, *The Financial Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the District is considered a component unit of the St. Tammany Parish Council. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

Basis of Presentation

The accompanying general-purpose financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. The more significant government accounting principles are described below.

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Basic Financial Statements – Government-Wide Statements

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 funds). 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.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements (continued)

The government-wide Statement of Activities reports both the gross and the net cost of the District's function. The Statement of Activities reduces gross expenses by related program revenues and charges for services. Program revenues must be directly associated with the function.

The District does not allocate indirect costs.

The 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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Acreage fees are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The District reports the General Fund only. The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity except those required to be accounted for in another fund.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

All acreage fee receivables are shown net of a 5% allowance for uncollectibles. The allowance is based on prior years' experience.

Property taxes, including the acreage fee are levied on a calendar year basis, become due on December 31st and are considered delinquent on January 1st. The District authorized and levied a \$295.50 per acre fee for operations and maintenance for the year ended December 31, 2022.

The following are the principal taxpayers and related property tax revenue for the District:

	Assessed Valuation	% of Total Assessed Value
ENP Harborside, LLC	\$ 1,816,000	55.66%
Lakeside Apartments Slidell, LLC	1,063,000	32.58%

Capital Assets

Capital assets, which include property and equipment, are reported in the government wide statements. Capital assets are recorded 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 of \$2,500 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 asset lives are not capitalized.

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

Buildings	40 Years
Building improvements	20 Years
Pumping equipment	5-15 Years

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Invested in capital, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of assets that are restricted by the District’s creditors, by the state enabling legislation, by grantors, and by other contributors.
- c. Unrestricted net position – consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.

Governmental fund equity is classified as fund balance. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of state, local or federal awards or externally imposed conditions by grantors or creditors.
- c. Committed – amounts that can be used for specific purposes determined by formal action by an ordinance or resolution.
- d. Assigned – amounts that are designated by the formal action of the government’s highest level of decision making authority.
- e. Unassigned – amounts not included in other classifications.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (Continued)

The Board of Commissioners, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment. For assigned fund balance the Board authorizes management to assign amounts for a specific purpose.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted resources first, then unrestricted as needed. When committed, assigned or unassigned fund balances are available for use, it is the District's policy to use committed resources first, then assigned resources and unassigned resources as they are needed.

Use of 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 at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Date of Management Review

Subsequent events have been evaluated through April 27, 2023 which is the date the financial statements were available to be issued.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget

In accordance with the Louisiana Local Government Budget Act, the procedures used by the District in establishing the budgetary data reflected in the financial statements include public notices of the proposed budget, public inspections and public hearings. The District then legally adopts the budget. Budgeted amounts for the general fund included in the accompanying statements are as amended by the District for the year 2022.

The budget is prepared on the cash basis of accounting. Because the legally prescribed budgetary basis differs materially from generally accepted accounting principles, actual amounts in the accompanying budgetary comparison statements are presented on the budgetary basis.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(3) CASH AND CASH EQUIVALENTS

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent, in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the District's name, and deposits which are uninsured or uncollateralized.

At December 31, 2022, the carrying amount and the bank balances of deposits of the District are summarized as follows:

	Bank Balances Category			Book Balance
	1	2	3	
Cash	\$ <u>101,204</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u>101,204</u>

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledges of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities should be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2022, the District was not exposed to custodial credit risk.

(4) RECEIVABLES

The receivables of \$69,973 at December 31, 2022 are as follows:

Class of Receivable	Amount
Taxes – acreage fee, net	\$ 64,881
FEMA reimbursement	<u>5,092</u>
	<u>\$ 69,973</u>

(See independent accountants' review report)

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(5) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2022 is as follows:

<u>Governmental Activities:</u>	<u>1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2022</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 10,000	\$ -	\$ -	\$ 10,000
Machinery and equipment	<u>180,354</u>	<u>309,123</u>	<u>-</u>	<u>489,477</u>
Total capital assets being depreciated	<u>190,354</u>	<u>309,123</u>	<u>-</u>	<u>499,477</u>
Less accumulated depreciation for:				
Buildings and improvements	10,000	-	-	10,000
Machinery and equipment	<u>60,772</u>	<u>11,164</u>	<u>-</u>	<u>71,936</u>
Total accumulated depreciation	<u>70,772</u>	<u>11,164</u>	<u>-</u>	<u>81,936</u>
Total capital assets being depreciated, net	<u>119,582</u>	<u>297,959</u>	<u>-</u>	<u>417,541</u>
Governmental activities capital assets, net	<u>\$ 119,582</u>	<u>\$ 297,959</u>	<u>\$ -</u>	<u>\$ 417,541</u>

Depreciation expense of \$11,164 for the year ended December 31, 2022 was charged to operations.

(6) LITIGATION AND CLAIMS

At December 31, 2022, the District was not involved in litigation nor is the District aware of any unasserted claims.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

(See Independent Accountants' Review Report)

	<u>Actual</u>	<u>*Adjustment to Budgetary Basis Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES:</u>					
Acreage fees	\$ 93,384	\$ (19,195)	\$ 74,189	\$ 78,050	\$ (3,861)
Other	<u>277,323</u>	<u>(277,323)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>370,707</u>	<u>(296,518)</u>	<u>74,189</u>	<u>78,050</u>	<u>(3,861)</u>
<u>EXPENDITURES:</u>					
General Government:					
Maintenance and repairs	12,300	-	12,300	17,000	4,700
Utilities	8,950	(1,295)	7,655	20,000	12,345
General and administrative	214	-	214	150	(64)
Accounting and legal fees	2,150	-	2,150	2,200	50
Tax roll fee	54	-	54	3,000	2,946
Capital outlay	<u>309,123</u>	<u>(277,323)</u>	<u>31,800</u>	<u>32,000</u>	<u>200</u>
Total expenditures	<u>332,791</u>	<u>(278,618)</u>	<u>54,173</u>	<u>74,350</u>	<u>20,177</u>
Excess (deficiency) of revenues over expenditures	37,916	(17,900)	20,016	<u>\$ 3,700</u>	<u>\$ 16,316</u>
FUND BALANCE, BEGINNING	<u>113,628</u>	<u>-</u>	<u>113,628</u>		
FUND BALANCE, ENDING	<u>\$ 151,544</u>	<u>\$ (17,900)</u>	<u>\$ 133,644</u>		

*Note: The budget is prepared on the cash basis of accounting. Because the legally prescribed budgetary basis differs materially from generally accepted accounting principles, actual amounts in the accompanying budgetary comparison statements are presented on the budgetary basis.

OTHER SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2022

(See Independent Accountants' Review Report)

Jeffrey Vallee,
Chairman

Time served

01/01/22
through
12/31/22

There were no payments to the agency head during 2022.

OTHER INFORMATION

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
SLIDELL, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

Current year findings:

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Action Taken</u>
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There are no current year findings.

Prior year findings:

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Action Taken</u>
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There are no prior year findings.



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
St. Tammany Parish Drainage District No. 2 and the Louisiana Legislative Auditor

We have performed the procedures enumerated on Schedule “3” on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Agreed-Upon Procedures (AUPs) for the year ended December 31, 2022. The St. Tammany Parish Drainage District No. 2’s (the District) management is responsible for those C/C areas identified in the AUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s AUPs for the year ended December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are attached in Schedule “3.”

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

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

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the AUP’s, 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.

April 27, 2023
Mandeville, Louisiana


Certified Public Accountants

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
AGREED-UPON PROCEDURES
JANUARY 1, 2022 – DECEMBER 31, 2022

PUBLIC BID LAW

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$154,450. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable, and report whether the expenditures were made in accordance with these laws.

Results: No exceptions were noted from the performed procedures on all disbursements for the year.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Results: Management provided the required list.

3. Obtain from management a listing of all employees paid during the fiscal year.

Results: Not applicable. The District has no employees.

4. Report whether any employees' names appear on both lists obtained in procedures #2 and #3.

Results: Not applicable. The District has no employees.

5. Obtain a list of all disbursements made during the year, and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Results: Management provided the list of disbursements. None of the businesses of board members and board members' immediate families appeared as vendors on the list of disbursements.

BUDGETING

6. Obtain a copy of the legally adopted budget and all amendments.

Results: Management provided the budget.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2022 – DECEMBER 31, 2022

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

Results: No exceptions were noted in the review of the minute book.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceeded budgeted amounts by 5% or more.

Results: No exceptions were noted on the budget of the year ended December 31, 2022.

ACCOUNTING AND REPORTING

9. Randomly select six disbursements made during the period under review and:
- a. Trace payments to supporting documentation as to proper amount and payee;
 - b. Determine if payments were properly coded to the correct fund and general ledger account; and
 - c. Determine whether payments received approval from proper authorities.

Results: The disbursements were traced to supporting documentation, noted that each was coded to the correct general ledger account, and that checks had proper approval.

MEETINGS

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law), and report whether there are any exceptions.

Results: The meeting agendas, meeting dates, and minutes were posted online on the District's website.

ST. TAMMANY PARISH DRAINAGE DISTRICT NO. 2
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2022 – DECEMBER 31, 2022

DEBT

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

Results: There were no proceeds from bank loans, bonds, or like indebtedness identified in the review of deposits.

ADVANCES AND BONUSES

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

Results: Not applicable. The District has no employees.

STATE AUDIT LAW

13. Report whether the agency provided a timely report in accordance with R.S. 24:513.

Results: The District submitted its financial statements for the year ended December 31, 2022, timely.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2), and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Results: Inquired of management who indicated that there were no contracts that utilized state funds for the year ended December 31, 2022.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

Dear Chief Executive Officer:

Attached is the Louisiana Attestation Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of the review/attestation engagement of Louisiana governmental agencies. The completed and signed questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting. Independently elected government officials should sign the document, in lieu of such a resolution.

The completed and signed attestation questionnaire and a copy of the adoption instrument, if appropriate, **must be given to the independent certified public accountant at the beginning of the engagement.** The CPA will, during the course of his/her engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to the Legislative Auditor's office.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the CPA during the course of his/her engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Michael J. Waguespack, CPA
Louisiana Legislative Auditor

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

4/18/2023 (Date Transmitted)

Ericksen Krentel LLP (CPA Firm Name)

4227 Canal Street (CPA Firm Address)

New Orleans, LA 70119 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of 12/31/2022 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the state procurement code (R.S. 39:1551 – 39:1755); the public bid law (R.S. 38:2211-2296), and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No [] N/A []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No [] N/A []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No [] N/A []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No [] N/A []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No [] N/A []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No [] N/A []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No [] N/A []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [] No [] N/A []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No [] N/A []

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes No [] N/A []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes No [] N/A []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No [] N/A []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No [] N/A []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No [] N/A []

General

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No [] N/A []

We acknowledge that we are responsible for determining that that the procedures performed are appropriate for the purposes of this engagement.

Yes No [] N/A []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No [] N/A []

We have provided you with all relevant information and access under the terms of our agreement.

Yes No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No [] N/A []

We are not aware of any material misstatements in the information we have provided to you.

Yes No [] N/A []

We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will

disclose to you any such communication received between the end of the period under examination and the date of your report.

Yes [] No [] N/A []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes [] No [] N/A []

The previous responses have been made to the best of our belief and knowledge.

<u>Bonnie Champagne</u>	Secretary	<u>4/18/2023</u>	Date
<u>Bonnie Champagne</u>	Treasurer	<u>4/18/2023</u>	Date
<u>Alex C. Chapoy</u>	President	<u>4/18/2023</u>	Date