

LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE

REPORT ON AUDIT OF COMPONENT
UNIT FINANCIAL STATEMENTS

DECEMBER 31, 2022

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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

Opinion

We have audited the financial statements of the governmental activities and the major fund (the General Fund), of the Livingston Parish Gravity Drainage District Five, State of Louisiana, “the District,” a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, State of Louisiana as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the District's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 12, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 12, 2023

Livingston Parish Gravity Drainage
District Five
Walker, Louisiana
Management's Discussion and Analysis
December 31, 2022

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, 2022, the District's assets exceeded its liabilities by \$5,542,466 (net position). Of this amount, \$3,465,656 (unrestricted net position) may be used to meet the District's ongoing obligations to its citizens.

For the year ended December 31, 2022, the District's total net position increased by \$476,326.

At December 31, 2022, the District's general fund reported an ending fund balance of \$3,469,709, an increase of \$381,560 for the year.

At December 31, 2022, the District had cash and cash equivalents of \$886,521 and investments including cash in the Louisiana Asset Management Pool of \$2,092,846 which represents a net increase in cash and of investments of \$314,524 from the prior year.

For the year ended December 31, 2022, the District had capital asset additions of \$363,981 and disposals of \$16,857 on the government-wide financials and depreciation expense of \$272,842.

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, 2022 and 2021

	Governmental Activities	
	2022	2021
Assets:		
Current and Other Assets	\$ 3,508,714	\$ 3,205,517
Capital Assets	2,076,810	1,985,671
Total Assets	<u>5,585,524</u>	<u>5,191,188</u>
Liabilities:		
Other Liabilities	39,005	117,368
Compensated Absences Payable	4,053	7,680
Total Liabilities	<u>43,058</u>	<u>125,048</u>
Net Position:		
Net Investment in Capital Assets	2,076,810	1,985,671
Unrestricted	3,465,656	3,080,469
Total Net Position	<u>\$ 5,542,466</u>	<u>\$ 5,066,140</u>

Approximately 37 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, 2022.

Approximately 63 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 \$476,326. 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, 2022 and 2021**

	Governmental Activities	
	2022	2021
Revenues:		
General Revenues:		
Sales Taxes	\$ 2,696,193	\$ 2,542,904
Interest Income	34,085	1,421
Miscellaneous Income	31,605	32,134
Gain (Loss) on Sale of Assets	3,140	-
Total Revenues	2,765,023	2,576,459
Expenses:		
Public Works	2,288,697	2,080,231
Total Expenses	2,288,697	2,080,231
Change in Net Position	476,326	496,228
Net Position, Beginning	5,066,140	4,569,912
Net Position, Ending	\$ 5,542,466	\$ 5,066,140

Governmental Activities

Revenues for governmental activities increased by \$188,564 or seven percent, due primarily to increases in sales tax revenue of \$153,289, or six percent. Sales tax revenues represent 98 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 approximately 10 percent or \$208,466, with the greatest increase consisting of professional fees expense at \$42,556, and repairs and maintenance expense at \$81,792. Also, sales tax collection fees decreased \$21,760.

This follows an 8.1 percent increase in total expense in 2021 and a 2.9 percent increase in 2020.

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 \$3,469,709 as compared to the previous fiscal year of \$3,088,149, an increase of \$381,560. Of the ending governmental fund balance, \$59,892 was considered nonspendable for prepaid insurance and \$3,409,817 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represented 143 percent of total general fund expenditures, while total fund balance represented 145.5 percent of total governmental 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, 2022.

Original budgeted revenues increased \$134,051 mostly due to increases to the sales tax revenues. Actual revenues were over the final budget by \$330,159 mostly due to increases in sales tax revenues.

Original budgeted expenditures were increased \$107,500 with the largest increase in repairs and maintenance. Actual budgeted expenditures were \$977,837 less than the final amended budget with decrease in capital outlays.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets as of December 31, 2022 amounts to \$2,076,810 (net of depreciation). The total increase in the District's investment in capital assets for the current fiscal year was \$91,139 (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.

	Governmental Activities	
	2022	2021
Capital Assets		
Land and Right of Way	\$ 104,512	\$ 73,878
Buildings and Improvements	316,263	316,263
Machinery and Equipment	3,025,989	2,772,293
Furniture and Fixtures	22,675	22,675
Infrastructure	381,292	381,292
Vehicles	539,452	476,658
Subtotal Capital Assets	4,390,183	4,043,059
Less: Accumulated Depreciation	(2,313,373)	(2,057,388)
Capital Assets, Net	<u>\$ 2,076,810</u>	<u>\$ 1,985,671</u>

Capital asset additions included \$18,500 for an equipment trailer, \$29,921 for a Dodge Truck, \$49,729 for a Dodge Truck, \$70,000 for a Marsh Master Amphibious Track Machine, \$30,634 for Land and \$150,713 for a Caterpillar Mini Excavator.

There was one capital asset disposal as of December 31, 2022 of a 2006 Ford F250 Truck.

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, 2022
(With Comparative Totals as of December 31, 2021)

	Governmental Activities	
	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 886,521	\$ 1,700,642
Investments	2,092,846	964,201
Receivables:		
Intergovernmental	465,836	484,592
Other	2,740	-
Prepaid Expenses	59,892	55,203
Other Assets	879	879
Capital Assets:		
Non-depreciable	104,512	73,878
Depreciable, Net	1,972,298	1,911,793
Total Assets	\$ 5,585,524	\$ 5,191,188
LIABILITIES		
Accounts Payable	\$ 31,756	\$ 102,830
Other Accrued Liabilities	7,249	14,538
Compensated Absences Payable	4,053	7,680
Total Liabilities	43,058	125,048
NET POSITION		
Net Investment in Capital Assets	2,076,810	1,985,671
Unrestricted	3,465,656	3,080,469
Total Net Position	5,542,466	5,066,140
Total Liabilities and Net Position	\$ 5,585,524	\$ 5,191,188

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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	Governmental Activities	
	2022	2021
Expenses:		
Public Works	\$ 2,015,855	\$ 1,870,469
Depreciation	272,842	209,762
Total Expenses	2,288,697	2,080,231
 General Revenues:		
Taxes - Sales	2,696,193	2,542,904
Interest Income	34,085	1,421
Miscellaneous Income	31,605	32,134
Gain on Sale of Assets	3,140	-
Total General Revenues	2,765,023	2,576,459
Change in Net Position	476,326	496,228
 Net Position - Beginning of Year	5,066,140	4,569,912
Net Position - End of Year	\$ 5,542,466	\$ 5,066,140

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, 2022
(With Comparative Totals as of December 31, 2021)

ASSETS	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 886,521	\$ 1,700,642
Investments	2,092,846	964,201
Sales Tax Receivable, Net of Collection Fees	465,836	484,592
Other Receivables	2,740	-
Prepaid Insurance	59,892	55,203
Other Assets	<u>879</u>	<u>879</u>
Total Assets	<u><u>\$ 3,508,714</u></u>	<u><u>\$ 3,205,517</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 31,756	\$ 102,830
Accrued Salaries	3,500	10,036
Other Liabilities	<u>3,749</u>	<u>4,502</u>
Total Liabilities	39,005	117,368
Fund Equity:		
Nonspendable:		
Prepaid Expenses	59,892	55,203
Unassigned	<u>3,409,817</u>	<u>3,032,946</u>
Total Fund Balances	<u>3,469,709</u>	<u>3,088,149</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,508,714</u></u>	<u><u>\$ 3,205,517</u></u>

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, 2022
(With Comparative Totals as of December 31, 2021)

	2022	2021
Fund Balance - Total Governmental Fund	\$ 3,469,709	\$ 3,088,149
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 fund		
Governmental Capital Assets	4,390,183	4,043,059
Less: Accumulated Depreciation	(2,313,373)	(2,057,388)
	2,076,810	1,985,671
Long term liabilities are not due and payable in the current period and therefore not reported in the governmental fund:		
Compensated Absences	(4,053)	(7,680)
Net Position of Governmental Activities	\$ 5,542,466	\$ 5,066,140

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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	2022	2021
Revenues:		
Sales Tax Collected	\$ 2,696,193	\$ 2,542,904
Interest	34,085	1,421
Miscellaneous Income	31,605	32,134
Total Revenues	2,761,883	2,576,459
Expenditures:		
Public Works:		
Salaries	771,902	821,542
Benefits	496,035	478,120
Payroll Taxes	63,096	65,840
Per Diem - Board Members	16,200	14,400
Sales Tax Collection Fees	49,535	71,295
Insurance	151,550	133,890
Other Operating Expenses	33,528	31,422
Professional Fees	120,871	78,315
Equipment Rental	2,690	-
Repairs and Maintenance	150,547	68,755
Supplies	52,721	25,873
Utilities	40,036	32,752
Vehicle	70,771	46,430
	2,019,482	1,868,634
Capital Outlay	363,981	746,023
Total Expenditures	2,383,463	2,614,657
Excess (Deficiency) of Revenues Over Expenditures	378,420	(38,198)
Other Financing Source:		
Proceeds from Sale of Capital Asset	3,140	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	381,560	(38,198)
Fund Balance at Beginning of Year	3,088,149	3,126,347
Fund Balance at End of Year	\$ 3,469,709	\$ 3,088,149

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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	2022	2021
Net Change in Fund Balance - Total Governmental Fund	\$ 381,560	\$ (38,198)
<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	363,981	746,023
Depreciation Expense	(272,842)	(209,762)
	91,139	536,261
Add accumulated depreciation on capital assets retired during the year	16,857	-
Less cost basis of capital assets retired during the year	(16,857)	-
<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	3,627	(1,835)
Change in Net Position of Governmental Activities	\$ 476,326	\$ 496,228

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, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Sales Tax Collected	\$ 2,300,000	\$ 2,400,000	\$ 2,696,193	\$ 296,193
Interest	813	3,259	34,085	30,826
Miscellaneous Income	-	31,605	31,605	-
Total Revenues	<u>2,300,813</u>	<u>2,434,864</u>	<u>2,761,883</u>	<u>327,019</u>
Expenditures:				
Public Works:				
Salaries	935,000	800,000	771,902	28,098
Benefits	550,000	550,000	496,035	53,965
Payroll Taxes	90,000	80,000	63,096	16,904
Per Diem - Board Members	16,800	16,800	16,200	600
Sales Tax Collection Fees	75,000	60,000	49,535	10,465
Insurance	175,000	175,000	151,550	23,450
Other Operating Expenses	34,500	44,500	33,528	10,972
Professional Fees	100,000	180,000	120,871	59,129
Equipment Rental	-	5,000	2,690	2,310
Repairs and Maintenance	100,000	225,000	150,547	74,453
Supplies	34,500	55,000	52,721	2,279
Utilities	33,000	40,000	40,036	(36)
Vehicle	60,000	80,000	70,771	9,229
	<u>2,203,800</u>	<u>2,311,300</u>	<u>2,019,482</u>	<u>291,818</u>
Capital Outlay	<u>1,050,000</u>	<u>1,050,000</u>	<u>363,981</u>	<u>686,019</u>
Total Expenditures	<u>3,253,800</u>	<u>3,361,300</u>	<u>2,383,463</u>	<u>977,837</u>
Excess (Deficiency) of Revenues Over Expenditures	(952,987)	(926,436)	378,420	1,304,856
Other Financing Source:				
Proceeds from Sale of Capital Asset	-	400	3,140	2,740
Net Change in Fund Balance	(952,987)	(926,036)	381,560	1,307,596
Fund Balance at Beginning of Year	<u>3,088,149</u>	<u>3,088,149</u>	<u>3,088,149</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 2,135,162</u></u>	<u><u>\$ 2,162,113</u></u>	<u><u>\$ 3,469,709</u></u>	<u><u>\$ 1,307,596</u></u>

The accompanying notes constitute an integral part of this statement.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

(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 seven commissioners. The board members are compensated for meeting attendance at a rate of \$100 per meeting. The District is located in Walker, Louisiana.

On April 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, 2022

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, 2022

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, 2022, 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, 2022

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, 2022

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, 2022, 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. Reclassifications

Certain items in the 2022 financial statements may have been reclassified to conform to the presentation in the current year financial statements. Such reclassifications had no effect on previously reported excess (deficiency) of revenues over expenditures and other uses or change in net position.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

J. 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.

K. 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, 2022, the District had no outstanding encumbrances.

L. 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, 2022, the accrued liability for unpaid vacation benefits amounted to \$4,053.

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.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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

M. 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. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

N. Summary Financial Information for 2021

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, 2021, from which the summarized information was derived.

O. Fund Equity

The District follows the provisions of Governmental Accounting Standards Board Statement No. 54 which defines 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.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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

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

(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, 2022:

	Book Balance	Bank Balance
Petty Cash	\$ 250	\$ -
Deposits in Bank Accounts	886,271	894,782
	\$ 886,521	\$ 894,782

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. Even though the pledged securities may be considered uncollateralized (Category 3) under provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand. At December 31, 2022, the District has \$894,782 in demand deposits (collected bank balances) for cash and cash equivalents, in one bank. \$250,000 of the demand deposits are secured from risk by \$250,000 of federal deposit insurance and the remaining \$644,782 of demand deposits are secured by pledged securities. The \$644,782 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

(3) Investments -

Investments at December 31, 2022, consist of \$2,092,846 in the Louisiana Asset Management Pool (LAMP), a local government external investment pool. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for 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.
- **Concentration of credit risk**: Pooled investments are excluded from the five percent disclosure requirement.
- **Interest rate risk**: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 58 days as of December 31, 2022, 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.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. 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, 2022 consist of the following:

	<u>General Fund</u>
Governmental Receivables:	
Sales Tax Receivable	\$ 465,836
Due from Others	<u> 2,740</u>
	<u>\$ 468,576</u>

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

(5) Changes in Capital Assets -

Capital asset activity for the year ended December 31, 2022 is as follows:

	<u>2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>2022</u>
Capital Assets not being Depreciated				
Land and Right of Way	\$ 73,878	\$ 30,634	\$ -	\$ 104,512
Total Capital Assets not being Depreciated	<u>73,878</u>	<u>30,634</u>	<u>-</u>	<u>104,512</u>
Capital Assets being Depreciated				
Building and Improvements	316,263	-	-	316,263
Equipment	2,772,293	253,696	-	3,025,989
Furniture and Fixtures	22,675	-	-	22,675
Infrastructure	381,292	-	-	381,292
Vehicles	476,658	79,651	(16,857)	539,452
Total Capital Assets being Depreciated	<u>3,969,181</u>	<u>333,347</u>	<u>(16,857)</u>	<u>4,285,671</u>
Total Asset Cost	<u>4,043,059</u>	<u>363,981</u>	<u>(16,857)</u>	<u>4,390,183</u>
Less: Accumulated Depreciation for:				
Building and Improvements	150,467	8,486	-	158,953
Equipment	1,483,692	195,367	-	1,679,059
Furniture and Fixtures	22,675	-	-	22,675
Infrastructure	63,842	19,065	-	82,907
Vehicles	336,712	49,924	(16,857)	369,779
Total Accumulated Depreciation	<u>2,057,388</u>	<u>272,842</u>	<u>(16,857)</u>	<u>2,313,373</u>
Total Capital Assets being Depreciated, Net	<u>1,911,793</u>	<u>60,505</u>	<u>-</u>	<u>1,972,298</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 1,985,671</u>	<u>\$ 91,139</u>	<u>\$ -</u>	<u>\$ 2,076,810</u>

Depreciation expense for the year ended December 31, 2022 is \$272,842, as reported in the Statement of Activities.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

(6) Long-Term Debt -

The Livingston Parish Gravity Drainage District Five has no long-term debt transactions for the year ended December 31, 2022.

(7) Leases -

The District has no outstanding leases at December 31, 2022 that meet the recognition criteria of Governmental Accounting Standards Board Statement No. 87, *Leases*.

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

At December 31, 2022, the employees of the District have accumulated and vested \$4,053 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, 2022 was \$13,062.

(9) 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 2022 were as follows:

Stephen Howze, Chairman	\$ 2,300
Chance Ballard, Vice Chairman	2,200
Michael McNaughton	2,400
Toni Dugas	2,400
Tony Achord	2,200
Stacy Yawn	2,400
Stephen Price	<u>2,300</u>
	<u>\$16,200</u>

(10) Contingencies - Litigation -

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

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

(11) Commitments -

The Livingston Parish Gravity Drainage District Five has no commitments as of December 31, 2022.

(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 Board Chairman and acting agency head for the year ended December 31, 2022:

<u>Agency Head: Board Chairman</u>	<u>Stephen Howze</u>
<u>Purpose</u>	<u>January 1, 2022 - December 31, 2022</u>
Salary	\$ -
Benefits - Insurance	21,049
Benefits - Retirement	-
Employer Paid Medicare and Social Secur	176
Per Diem	2,300
Travel	-
	<u>\$ 23,525</u>

(13) Current Year Adoption of New Accounting Standards -

The following statements of the Governmental Accounting Standards Board (GASB) are effective for the District's 2022 fiscal year. The District has adopted and implemented this statement in the preparation of the financial statements for the year ended December 31, 2022:

During the year, the District adopted GASB Statement No. 87, *Leases*. This new accounting standard had no material effect on the District's financial statements.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

(14) Current Accounting Pronouncements -

The following statements of the Governmental Accounting Standards Board will be effective for years subsequent to the District's fiscal year 2022.

1. Statement No. 91 - *Conduit Debt Obligations (2023)*
2. Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements (2023)*
3. Statement No. 96 - *Subscription-Based Information Technology Arrangements (2023)*

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

(15) Subsequent Events -

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 12, 2023, 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*

INDEPENDENT AUDITOR'S REPORT

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, 2022, 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 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and question costs as items 2022-01 and 2022-02.

Livingston Parish Gravity Drainage District Five's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs in which the findings are reported. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 12, 2023

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2022

A. Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes x No
- Significant deficiencies identified? _____ Yes x None reported

Noncompliance material to financial statements noted? _____ Yes x No

Other matter reported? x Yes _____ No

B. Internal Control Over Financial Reporting

None

C. Compliance and Other Matters

Finding 2022-01 Open Meetings Law Violations

Criteria:

The Open Meetings Law, found in Louisiana Revised Statute 42:12-28, regulates meetings of public bodies. The Open Meetings Law is meant to ensure that decisions by the government are made in an open forum and allow for public input.

A “public body” is a village, town, and city governing authority; parish governing authority; boards, such as school, port, or levee boards; any other state, parish, municipal, or special district boards, commissions, or authorities, as well as any of their political subdivisions if the body possesses policy making, advisory, or administrative functions. Any committee or subcommittee of any of these bodies is also a public body. The law also applies to any official committee of the public body that has been delegated any of these functions by the public body, or any unofficial committee or gathering of the body that consists of a quorum of the body.

If a gathering consists of a quorum of the body or a meeting of a committee of the body to conduct any business of the body, the gathering should be presumed to be a meeting and, thus, subject to the requirements of the Open Meetings Law.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2022

Meetings of public bodies are required to:

- have notice of the meeting at least 24 hours before the meeting via placement of a copy of the notice at the place of the meeting or at the body’s official office;
- allow for some means of public comment; [R.S. 42:14\(D\)](#) requires each public body (except school boards) conducting a meeting that is subject to the notice requirement of [R.S. 42:19\(A\)](#), to allow a public comment period prior to action on an agenda item upon which a vote is to be taken. The governing body may adopt reasonable rules and restrictions regarding this comment period.
- allow for recording of the meeting by the audience;
- record minutes of the proceedings; and
- have “open” meetings – that is, observable to the public with an opportunity for public participation. Public bodies may not close their meetings to the public absent narrowly defined exceptions.

Condition:

In discussions with board members, it appears that the District’s personnel committee held two meetings in 2022 and one on February 20, 2023, to conduct business of the District. In the minutes of the regular board meeting on February 27, 2023, it was noted that the personnel committee met on February 20, 2023 and provided a recommendation to the full board. There appears to have been no public notices provided prior to the personnel committee meetings and there were no official minutes available for these meetings.

Cause:

In discussions with board members, several indicated that they were not aware that committee meetings had to follow the Louisiana Open Meeting Law.

Effect:

With no official minutes available for the meetings, there is no record of the substance of matters discussed, votes taken, and/or decisions made. This appears to be a violation of the open meetings law.

Recommendation:

We recommend the District follow the Open Meeting Law for all regular board meetings as well as official committee meetings. Also, we want to mention that polling of a quorum of a public body is not permissible under the Open Meetings Law as the public should not be deprived of the opportunity to observe the deliberations of a public body in deciding upon a course of actions.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2022

Management's Response:

Management concurs with the recommendation and will follow all provisions of the Open Meetings Law for all board meetings and committee meetings. In addition, the Board will refrain from polling board members as not permissible under the Open Meetings Law.

Finding 2022-02 Ethics Violation

Criteria:

The Louisiana Code of Governmental Ethics prohibits appointed members of boards and commissions from participation in the debate and discussion of any transaction involving the governmental entity in which any member of the appointed member's immediate family (his children, spouses of children, brothers, sisters, spouses of his brothers and sisters, parents, spouse, and the parents of his spouse) has a substantial economic interest (R.S.42:1112).

Condition:

A member of the board of commissioner of District married the daughter of an existing employee of the District in 2019. At that point, the existing employee of the District became an "immediate" family member of that member of the board of commissioners. From that point forward, the member of the board of commissioners is required to abstain from any debate and discussion on any transactions involving his immediate family member. As documented in the minutes of the board of commissioners dated February 10, 2020, the member of the board of commissioners seconded a motion to vote for the approval of his immediate family member to receive a promotion and hourly raise. The member also participated in the vote to approve the promotion and hourly raise. The motion passed.

Cause:

The participation of the board member in a motion and a vote to approve the promotion and hourly raise of an immediate family member appears to be a prohibited act by the Louisiana Code of Governmental Ethics.

Effect:

The participation of the board member in the transactions noted appears to be a potential ethics violation.

Recommendation:

We recommended the District request an advisory opinion from the Louisiana Board of Ethics on the instance noted and take appropriate action, if any, based on that opinion.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2022

Management's Response:

Management concurs with the recommendation and is aware of the alleged ethics violation and subsequent investigation by the Louisiana Board of Ethics. The Board of Commissioners of the District are awaiting the outcome of the investigation and will comply with the ruling from the Louisiana Board of Ethics when the decision is rendered.

**LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE**

SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2022

A. Internal Control Over Financial Reporting

None

B. Compliance and Other Matters

None

Livingston Parish Gravity Drainage District No. 5
P.O. Box 328
Walker, Louisiana 70785

June 8, 2023

Hannis T. Bourgeois, LLP
1254 Del Este Avenue
Denham Springs, LA 70785

RE: 2022 Audit Findings

To Whom It May Concern:

The Management of Livingston Parish Gravity Drainage District No. 5 wishes to provide the following responses to the results of the findings of the 2022 audit:

1. Finding 2022-01 Open Meetings Law Violations

The Board of Commissioners of Livingston Parish Gravity Drainage District No. 5 concurs with the findings regarding the violations of the open meetings law and will follow all provisions of the open meetings law for all board meetings as well as committee meetings. In addition, the Board will refrain from polling of the board members as is not permissible under the Open Meetings Law.

2. Finding 2022-02 Ethics Violation

The Board of Commissioners of Livingston Parish Gravity Drainage District No. 5 is aware of the alleged ethics violation and subsequent investigation by the Louisiana Board of Ethics. The Board of Commissioners of Livingston Parish Gravity Drainage District No. 5 is awaiting the outcome of the investigation and will comply with the ruling from the Louisiana Board of Ethics when the decision is rendered.

Respectfully,



Stephen Howze
Board Chairman

Livingston Parish Gravity Drainage District No. 5

LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT FIVE

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

DECEMBER 31, 2022



Baton Rouge | Denham Springs | New Orleans | Hammond
www.htbcpa.com

Independent Accountant's Report
on Applying Agreed-Upon Procedures

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

To the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the controls and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. The District's management is responsible for those C/C areas identified in the SAUPs.

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 SAUPs for the fiscal period January 1, 2022 through 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 exceptions are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget. – **No exceptions.**
 - b) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes. – **No exceptions.**
 - c) ***Disbursements***, including processing, reviewing, and approving. – **No exceptions.**
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation). – **No exceptions.**

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

Exception – The District does have written information technology disaster recovery/business continuity policies and procedures; however, it does not specifically address identification of critical data.

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

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board’s enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board’s enabling legislation, charter, bylaws, or other equivalent document. – **No exceptions.**
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. – **No exceptions.**

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund. – **No exceptions.**
- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management’s corrective action plan at each meeting until the findings are considered fully resolved. – **No exceptions.**

Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management’s representation that the listing is complete. Ask management to identify the entity’s main operating account. Select the entity’s main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged); – **No exceptions.**
 - b) Bank reconciliations include written evidence that a member of management or a 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 it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable. – **No exceptions.**

Collections (excluding electronic funds transfers)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management’s representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5). – **No exceptions.**
- 5. For each deposit site selected, obtain a listing of collection locations and management’s representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers; – **The District does not have cash drawers/registers.**
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit; – **No exceptions.**
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and – **No exceptions.**

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation. – **No exceptions.**
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period. – **No exceptions.**
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered. – **No exceptions.**
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. – **No exceptions.**
 - c) Trace the deposit slip total to the actual deposit per the bank statement. – **No exceptions.**
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer). – **No exceptions.**
 - e) Trace the actual deposit per the bank statement to the general ledger. – **No exceptions.**

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

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5). – **No exceptions.**
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase; – **No exceptions.**
 - b) At least two employees are involved in processing and approving payments to vendors; – **No exceptions.**
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files; – **No exceptions.**
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and – **No exceptions.**

- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means. – **No exceptions.**

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- 10. For each location selected under #8 above, obtain the entity’s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management’s representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and: – **No exceptions.**
 - a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity. – **No exceptions.**
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable. – **No exceptions.**
- 11. Using the entity’s main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity’s policy, and (b) approved by the required number of authorized signers per the entity’s policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements. – **No exceptions.**

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

- 12. 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.**
- 13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and – **No exceptions.**
 - b) Observe that finance charges and late fees were not assessed on the selected statements. – **No exceptions.**

14. Using the monthly statements or combined statements selected under #13 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 inspection). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny. – **No exceptions.**

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

15. 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: - **There were no travel and travel related expense reimbursements during the current fiscal period.**
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov); – **See above note.**
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased; – **See above note**
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1g); and – **See above note.**
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. – **See above note.**

Contracts

16. 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 whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law; – **No exceptions.**
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter); – **No exceptions.**
 - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented); and – **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 the invoice and related payment agreed to the terms and conditions of the contract. – **No exceptions.**

Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files. – **No exceptions.**
18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or official documented their daily attendance and leave (e.g., vacation, sick, compensatory); – **No exceptions.**
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials; – **No exceptions.**
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and – **No exceptions.**
 - d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file. – **No exceptions.**
19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy. – **No exceptions.**
20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines. – **No exceptions.**

Ethics

21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and – **No exceptions.**
 - b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable. – **No exceptions.**
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170. – **No exceptions.**

Debt Service

23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution. – **No debt was issued during current fiscal period.**
24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants). – **The District did not have any debt outstanding during the current fiscal period.**

Fraud Notice

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523. – **There were no misappropriations of public funds nor of assets noted during the fiscal period.**
26. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. – **No exceptions.**

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted. – **We performed the procedure and discussed the results with management.**
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months. – **We performed the procedure and discussed the results with management.**
 - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor. – **We performed the procedure and discussed the results with management.**

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network. – **No exceptions.**

Prevention of Sexual Harassment

29. Using the 5 randomly selected employees/officials from procedure #17 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343. – **No exceptions.**
30. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website). – **No exceptions.**
31. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

Exception – The entity’s annual sexual harassment report for the current fiscal period was dated February 20, 2023, which is subsequent to February 1, 2023.

- a) Number and percentage of public servants in the agency who have completed the training requirements; **No exception.**
- b) Number of sexual harassment complaints received by the agency; **No complaints were received by the District during 2022.**
- c) Number of complaints which resulted in a finding that sexual harassment occurred; **Not applicable.**
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and **Not applicable.**
- e) Amount of time it took to resolve each complaint. **Not applicable.**

Management’s Response/Corrective Action to Exceptions

The District’s response to the exception identified in our performance of the SAUPs is attached. The District’s response was not subjected to any procedures applied in the SAUPs and, accordingly, we express no opinion or any assurance on it.

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

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

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 12, 2023



April 18, 2023

Hannis T. Bourgeois
2322 Tremont Drive
Baton Rouge, LA 70809

To Whom It May Concern:

Please be advised that Livingston Parish Gravity Drainage District No. 5 has addressed the two exceptions found during the course of the 2022 audit of the District's agreed upon procedures.

Please be advised that the District's annual sexual harassment reporting date requirement of February 1st has been addressed and all subsequent reports will reflect the required date.

Please be advised that the District has updated the Information Technology Disaster Recovery/Business Continuity Policy to include the identification of critical data.

Respectfully,

Stephanie Miller

District Clerk
Livingston Parish Gravity Drainage District No. 5