

**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Financial Statements with Supplementary Information**

**December 31, 2022**

**(With Independent Accountants' Review Report Thereon)**

**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

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American Society of Certified Public Accountants  
Society of Louisiana CPAs

### **Independent Accountants' Review Report**

**Board of Commissioners  
Drainage District No. 4 of St. Tammany Parish  
Mandeville, Louisiana**

**We have reviewed the accompanying financial statements of the governmental activities of Drainage District No. 4 of St. Tammany Parish (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.**

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

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

#### **Accountants' Responsibility**

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

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

**Accountants' Conclusion**

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

**Required Supplementary Information**

**Management has elected to omit the management's discussion and analysis and budgetary comparison information ordinarily included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. If the omitted statements were included in the financial statements, they might influence the user's conclusions about the District's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.**

**Other Supplementary Information**

**The accompanying schedule of compensation, benefits, and other payments to agency head and schedule of compensation paid to board members are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the representation of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.**

***Griffin & Furman, LLC***

**April 28, 2023**



**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Statement of Net Position**

**December 31, 2022**

**(See Independent Accountants' Review Report)**

|   | <u>Governmental Activities</u>        |                         |
|---|---------------------------------------|-------------------------|
|   | <u>Assets</u>                         |                         |
| Cash & cash equivalents   | \$                                    | 33,891                  |
| Certificates of deposit   |                                       | 25,850                  |
| Maintenance and operations taxes receivable                         |                                       | 165,915                 |
| Other assets  |                                       | 5,879                   |
| Capital assets, net of accumulated depreciation<br>and amortization |                                       | <u>1,972,995</u>        |
| Total assets  | \$                                    | <u><u>2,204,530</u></u> |
|   | <u>Liabilities &amp; Net Position</u> |                         |
| <b>Liabilities:</b>   |                                       |                         |
| Accounts payable and accrued expenses                               | \$                                    | 6,694                   |
| Due to State of Louisiana   |                                       | 21,539                  |
| Lease liability   |                                       | <u>102,382</u>          |
| Total liabilities   |                                       | 130,615                 |
| <b>Net Position:</b>  |                                       |                         |
| Net investment in capital assets                                    |                                       | 1,870,613               |
| Unrestricted  |                                       | <u>203,302</u>          |
| Total net position  |                                       | <u>2,073,915</u>        |
| Total liabilities & net position                                    | \$                                    | <u><u>2,204,530</u></u> |

**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Statement of Activities**

**For the Year Ended December 31, 2022**

**(See Independent Accountants' Review Report)**

| <b>Activities:</b>                                   | <b><u>Expenses</u></b>     | <b><u>Capital<br/>Grants</u></b> | <b><u>Net (Expense)<br/>Revenue &amp;<br/>Changes in<br/>Net Position</u></b> |
|--|----------------------------|----------------------------------|---|
| <b>Governmental activities:</b>                      |                            |                                  |   |
| <b>Drainage</b>                                      | \$ <u>(331,016)</u>        | <u>106,533</u>                   | <u>(224,483)</u>  |
| <b>Total governmental activities</b>                 | \$ <u><u>(331,016)</u></u> | <u><u>106,533</u></u>            | <u><u>(224,483)</u></u>   |
| <b>General Revenues:</b>                             |                            |                                  |   |
| <b>Maintenance and operations taxes</b>              |                            |                                  | <u>169,482</u>  |
| <b>Interest</b>                                      |                            |                                  | <u>1,892</u>  |
| <b>Total general revenues</b>                        |                            |                                  | <u><u>171,374</u></u>   |
| <b>Change in net position</b>                        |                            |                                  | <u>(53,109)</u>   |
| <b>Net position - beginning of the year</b>          | \$                         | <u>2,129,483</u>                 |   |
| <b>Prior period adjustment</b>                       |                            | <u>(2,459)</u>                   |   |
| <b>Net position - beginning of year, as restated</b> |                            |                                  | <u><u>2,127,024</u></u>   |
| <b>Net position - end of year</b>                    |                            |                                  | \$ <u><u>2,073,915</u></u>  |

**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Governmental Funds**

**Balance Sheet**

**December 31, 2022**

**(See Independent Accountants' Review Report)**

|   | <u>General<br/>Fund</u>  |
|---|--------------------------|
| <u>Assets</u>   |                          |
| Cash & cash equivalents   | \$ 33,891                |
| Certificates of deposit   | 25,850                   |
| Maintenance and operations taxes receivable                                 | 165,915                  |
| Other assets  | <u>5,879</u>             |
| <b>Total assets</b>   | <b>\$ <u>231,535</u></b> |
| <u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>         |                          |
| <b>Liabilities:</b>   |                          |
| Accounts payable and accrued expenses                                       | \$ 6,694                 |
| Due to State of Louisiana   | <u>21,539</u>            |
| <b>Total liabilities</b>  | <b>28,233</b>            |
| <b>Deferred Inflows of Resources:</b>                                       |                          |
| Unavailable maintenance and operations taxes                                | 15,956                   |
| <b>Fund Balance:</b>  |                          |
| Unassigned  | <u>187,346</u>           |
| <b>Total liabilities, deferred inflows of resources, &amp; fund balance</b> | <b>\$ <u>231,535</u></b> |

**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Reconciliation of the Balance Sheet Fund Balance - Governmental Funds  
to the Statement of Net Position**

**December 31, 2022**

**(See Independent Accountants' Review Report)**

|  |           |                                |
|--|-----------|--------------------------------|
| <b>Total Governmental Fund Balance</b>   | <b>\$</b> | <b>187,346</b>                 |
| <br><b>Amounts reported for governmental activities in the statement<br/>of net position are different because:</b>  |           |                                |
| <b>Capital assets used in governmental activities are not financial<br/>resources and, therefore, are not reported in the funds</b>  |           | <b>1,972,995</b>               |
| <b>Certain maintenance and operations taxes are not available to pay<br/>for current period expenditures and therefore are reported as deferred<br/>inflows of resources in the governmental funds</b> |           | <b>15,956</b>                  |
| <b>Lease liabilities are not due and payable in the current period and<br/>accordingly are not reported in the funds</b>   |           | <b><u>(102,382)</u></b>        |
| <b>Total Net Position of Governmental Activities</b>   | <b>\$</b> | <b><u><u>2,073,915</u></u></b> |

**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Governmental Funds**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**

**For the Year Ended December 31, 2022**

**(See Independent Accountants' Review Report)**

|   | <u>General<br/>Fund</u>             |
|---|-------------------------------------|
| <b>Revenues:</b>                                    |                                     |
| Maintenance and operations taxes                    | \$ 156,093                          |
| Grant revenue                                       | 106,533                             |
| Interest  | <u>1,892</u>                        |
| <br><b>Total revenues</b>                           | <br><u><b>264,518</b></u>           |
| <br><b>Expenditures:</b>                            |                                     |
| <b>Drainage</b>                                     |                                     |
| Salaries  | 94,755                              |
| Hurricane mitigation                                | 55,506                              |
| Professional services                               | 25,430                              |
| Repairs and maintenance                             | 29,309                              |
| Fuel  | 9,849                               |
| Lease   | 6,946                               |
| Board per diem                                      | 7,950                               |
| Utilities   | 8,655                               |
| Taxes and licenses                                  | 2,830                               |
| Payroll taxes                                       | 7,503                               |
| Insurance   | 4,394                               |
| Office supplies                                     | 1,687                               |
| Interest  | 2,654                               |
| Other   | 2,623                               |
| Capital outlay - equipment                          | 30,319                              |
| Capital outlay - lease related amount               | <u>106,869</u>                      |
| <br><b>Total expenditures</b>                       | <br><u><b>397,279</b></u>           |
| <br><b>Deficiency of revenues over expenditures</b> | <br><b>(132,761)</b>                |
| <br><b>Other Financing Sources:</b>                 |                                     |
| Lease related amount                                | <u>106,869</u>                      |
| <br><b>Net change in fund balance</b>               | <br><b>(25,892)</b>                 |
| <br><b>Fund balance, beginning of period</b>        | <br><u><b>213,238</b></u>           |
| <br><b>Fund balance, end of period</b>              | <br><u><u><b>\$ 187,346</b></u></u> |

**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

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

**For the Year Ended December 31, 2022**

**(See Independent Accountants' Review Report)**

**Net change in fund balances - total governmental funds** \$ **(25,892)**

**Amounts reported for governmental activities in the Statement of  
Activities are different because:**

**Governmental funds report capital outlays as expenditures; however,  
in the Statement of Activities, the cost of those assets is capitalized  
and depreciated and / or amortized when applicable. This is the amount  
by which depreciation and amortization exceeded capital outlays** **(47,552)**

**Repayment of the lease liability is an expenditure in the governmental  
funds, but the repayment reduces the lease liability in the Statement  
of Net Position** **6,946**

**Revenues in the statement of activities that do not provide current  
financial resources are not reported as revenues in the funds:**

**Change in unavailable maintenance and operations taxes** **13,389**

**Change in net position of governmental activities** \$ **(53,109)**



# DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

## Notes to Financial Statements

December 31, 2022

(See Independent Accountants' Review Report)

### (1) Summary of Significant Accounting Policies

#### (a) Nature of Activities

Drainage District No. 4 of St. Tammany Parish (the District) was established for the purposes of maintenance of the 5 ½ mile levee system, pumping station, three pumps, two holding ponds, construction of pumping stations, and acquisition of land therefor, and other matters related thereto; and the operation of the District including cost of the pumping station operation staff, salaries of office staff, utilities and fuels, purchase of equipment necessary for the maintenance or operation of the district, contract services, insurance, personnel, and other matters related thereto or called for by law. The District covers the subdivisions of New Kingspoint, Fox Hollow, Springhill, Pinehurst and Oak Plain in Slidell, Louisiana.

#### (b) Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Tammany Parish Government is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (parish government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the parish government to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish government.
2. Organizations for which the parish government does not appoint a voting majority but are fiscally dependent on the parish government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish government appoints the District's governing body, the District was determined to be a component unit of the St. Tammany Parish Government, the financial reporting entity. The accompanying financial statements present information only on the

# DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

## Notes to Financial Statements

December 31, 2022

(See Independent Accountants' Review Report)

funds maintained by the District and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

### (c) Basis of Presentation

#### *Government-wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### *Fund Financial Statements*

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain district functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures are at least 10 percent of the corresponding total for all governmental and proprietary funds and at least 5 percent of the aggregate amount for all governmental and proprietary funds.

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The Governmental Fund of the District includes:

#### General Fund

The General Fund is the primary operating fund of the District. It accounts for all the financial resources except those that are required to be accounted for in other funds.

**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Notes to Financial Statements**

**December 31, 2022**

**(See Independent Accountants' Review Report)**

**(d) Measurement Focus and Basis of Accounting**

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustments, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements use 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 the amount of the transaction can be determined, and available means collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt, which are recognized when payment is due, and certain compensated absences and claims and judgments, if any, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an economic resources measurement focus and the accrual basis of accounting.

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows. Ad valorem taxes and other major revenues are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to taxpayers.

**(e) Budgets Policies**

The District is required by state law to adopt an annual budget for its General Fund. The budget is adopted on the modified accrual basis of accounting. The Board of Commissioners may authorize revisions requiring alteration of levels of expenditures. Operating appropriations lapse at year end.

The operating budget was adopted at a meeting held on January 12, 2022.

**(f) Cash and Certificates of Deposit**

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

**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Notes to Financial Statements**

**December 31, 2022**

**(See Independent Accountants' Review Report)**

Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**(g) Capital Assets**

All capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

|                                    |          |
|------------------------------------|----------|
| Computers and related equipment    | 3 years  |
| Office furniture                   | 5 years  |
| Building and building improvements | 40 years |
| Parking lot and landscaping        | 10 years |

**(h) Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**(i) Equity Classifications**

In accordance with GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis - for State and Local Governments, as amended, net position is classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

1. Net investment in capital assets - Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - Consist of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2022

(See Independent Accountants' Review Report)

3. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "Net investment in capital assets."

In the governmental fund financial statements, fund balances are classified as follows:

The District has adopted the provisions of GASB Statement No. 54 *Fund Balance Reporting and Government Fund Type Definitions*, which changed the reporting of fund balance in the balance sheets of governmental fund types. In fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy primarily on the extent to which the district is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

- *Nonspendable* – This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributions, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, change or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
- *Committed* – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- *Assigned* – This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but neither restricted nor committed. The authority for assigning fund balance is expressed by the District or the designee as established in the District's Fund Balance Policy.
- *Unassigned* – This component consists of amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) are available for use. It is the District's policy to use committed resources first, then assigned, and the unassigned as they are needed.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that



**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Notes to Financial Statements**

**December 31, 2022**

**(See Independent Accountants' Review Report)**

prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources - committed, assigned and unassigned in order as needed.

**(j) Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until that time. The District does not have any of this type.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: parcel fees. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. Parcel fees for the governmental fund types, which have been remitted within 60 days subsequent to the year end, are considered measurable and available and recognized as revenues. All other parcel fees are offset by deferred inflows of resources and, accordingly, have not been recorded as revenue.

**(k) New Accounting Standard Adopted**

The GASB issued Statement No. 87, *Leases*, in June 2017. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 87 to reporting periods beginning after June 15, 2021. The effect of the implementation of this standard is discussed in notes 4 and 9.



**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Notes to Financial Statements**

**December 31, 2022**

**(See Independent Accountants' Review Report)**

**(2) Cash, Cash Equivalents, and Certificates of Deposit**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

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

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

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

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

The year end balances of deposits are as follows:

|                        | <u>Bank Balances Category</u> |          |          | <u>Book</u>    |
|------------------------|-------------------------------|----------|----------|----------------|
|                        | <u>1</u>                      | <u>2</u> | <u>3</u> | <u>Balance</u> |
| Demand deposits        | \$ 35,102                     | -        | -        | 33,891         |
| Certificate of deposit | <u>25,850</u>                 | <u>-</u> | <u>-</u> | <u>25,850</u>  |
| Total                  | <u>\$ 60,952</u>              | <u>-</u> | <u>-</u> | <u>59,741</u>  |

**(3) Maintenance and Operations Taxes**

The maintenance and operations tax is levied on each 10,000 square feet of each lot and parcel owned at a rate of \$96.00 and an additional maintenance and operating tax rate of \$39.00 for a total of \$135 each year. The maintenance and operation tax is imposed for five-year terms and may be renewed for five-year terms at the end of each term by calling for a special election on or before the last day of December in the last year of each term for approval of the electors residing within Drainage District No. 4.

In the 2022 Regular Session of the Senate, Senate Bill 493 was passed into law through Act 319 authorizing the District the ability to increase the maintenance and operating tax rate up to a

**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Notes to Financial Statements**

**December 31, 2022**

**(See Independent Accountants' Review Report)**

maximum of \$500 each year and merge the two existing tax rates of \$96 and \$39 together. The electors residing within Drainage District No. 4 must approve the mergence and increase. In 2023, the District will place a proposition onto the ballot to merge the existing \$96 and \$39 tax while increasing the tax rate to a total of \$253.

The tax is collected by the St. Tammany Parish Sheriff at the same time as the Parish ad valorem taxes, enjoys the same recourse as Parish ad valorem taxes for nonpayment, and primes all other liens except Parish ad valorem taxes. Total maintenance and operations taxes receivable at December 31, 2022 amounted to \$ 165,915.

**(4) Capital Assets**

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

|   | Balance<br>January 1,<br><u>2022</u> | <u>Increases</u> | <u>Decreases</u> | Balance<br>December 31,<br><u>2022</u> |
|---|--------------------------------------|------------------|------------------|--|
| Capital assets being depreciated and amortized        |                                      |                  |                  |  |
| Levee   | \$ 2,338,466                         | -                | -                | 2,338,466                              |
| Equipment   | 569,786                              | 30,319           | -                | 600,105                                |
| Leased building                                       | 106,869                              | -                | -                | 106,869                                |
|   | <u>3,015,121</u>                     | <u>30,319</u>    | <u>-</u>         | <u>3,045,440</u>                       |
| Less accumulated depreciation for levee and equipment | (994,574)                            | (69,856)         | -                | (1,064,430)                            |
| Less accumulated amortization for leased building     | -                                    | (8,015)          | -                | (8,015)                                |
|   | <u>(994,574)</u>                     | <u>(77,871)</u>  | <u>-</u>         | <u>(1,072,445)</u>                     |
| Total accumulated depreciation and amortization       |                                      |                  |                  |  |
|   | <u>(994,574)</u>                     | <u>(77,871)</u>  | <u>-</u>         | <u>(1,072,445)</u>                     |
| Total capital assets, net                             | <u>\$ 2,020,547</u>                  | <u>(47,552)</u>  | <u>-</u>         | <u>1,972,995</u>                       |

The District recorded \$77,871 of depreciation and amortization expense on its capital assets for the year ended December 31, 2022.

**(5) Lease**

In June 2020, the District, as a lessee, entered into a five-year term for a lease of an office building requiring monthly rental payments of \$800. As a result, on January 1, 2022, the District recorded a lease asset and liability totaling \$106,869. The liability is reduced and interest expense is recorded as rental payments are made and the asset is being amortized over a straight-line basis over the 180-month term of the lease period, including extensions expected

**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Notes to Financial Statements**

**December 31, 2022**

**(See Independent Accountants' Review Report)**

to be exercised. For the year ended December 31, 2022, the District recognized interest expense of \$2,654 and amortization expense of \$8,015 in connection with this lease.

Future payments under this lease are as follows:

| <b><u>Year Ending<br/>December 31,</u></b> | <b><u>Principal</u></b> | <b><u>Interest</u></b> | <b><u>Total</u></b> |
|--|-------------------------|------------------------|---------------------|
| 2023                                       | \$ 7,122                | 2,478                  | 9,600               |
| 2024                                       | 7,302                   | 2,298                  | 9,600               |
| 2025                                       | 7,486                   | 2,114                  | 9,600               |
| 2026                                       | 7,676                   | 1,924                  | 9,600               |
| 2027                                       | 7,870                   | 1,730                  | 9,600               |
| 2028 - 2032                                | 42,438                  | 5,562                  | 48,000              |
| 2033 - 2035                                | <u>22,488</u>           | <u>712</u>             | <u>23,200</u>       |
| Total                                      | <u>\$ 102,382</u>       | <u>16,818</u>          | <u>119,200</u>      |

**(6) Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses, as reported on the statement of net position and balance sheet at December 31, 2022 included the following:

|                            |                 |
|----------------------------|-----------------|
| Accounts payable - vendors | \$ 4,663        |
| Accrued expenses           | <u>2,031</u>    |
| Total                      | <u>\$ 6,694</u> |

**(7) Due to State of Louisiana**

Due to State of Louisiana represents prior year grant funds received from the Federal Emergency Management Agency for costs that were subsequently disallowed. The District has entered into an agreement to repay these funds in twenty-four payments of \$2,154. At December 31, 2022, the amount due under this arrangement amounted to \$21,539.

**(8) Risk Management**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District attempts to minimize risk from significant losses through the purchase of workers compensation insurance and a general liability insurance.

**(9) Commitments and Contingencies**

The District has no public works contracts or commitments open at December 31, 2022.

**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Notes to Financial Statements**

**December 31, 2022**

**(See Independent Accountants' Review Report)**

**(10) Prior Period Adjustment**

**The District recorded a prior period adjustment to implement a new accounting standard, GASB 87, *Leases*. This adjustment reduced net position in the government-wide financial statements by \$2,459.**

**(11) Subsequent Events**

**The District evaluated subsequent events through April 28, 2023, the date which the financial statements were available to be issued.**

**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Schedule of Compensation, Benefits, and Other Payments to Agency Head**

**For the Year Ended December 31, 2022**

**(See Independent Accountants' Review Report)**

**Agency Head Name: Wayne Espat**

| <u>Purpose</u>  | <u>Amount</u>           |
|-----------------|-------------------------|
| Salary          | \$ 12,000               |
| FEMA Monitoring | 21,330                  |
| Reimbursements  | <u>1,844</u>            |
|                 | \$ <u><u>35,174</u></u> |

**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Schedule of Compensation Paid to Board Members**

**For the Year Ended December 31, 2022**

**(See Independent Accountants' Review Report)**

| <b><u>Board Member</u></b>   | <b><u>Amount</u></b>          |
|--|-------------------------------|
| <b>Tim Asher<br/>1906 Brookter Street<br/>Slidell, Louisiana 70461</b>         | <b>\$ 2,100</b>               |
| <b>Carolyn Cavaliere<br/>1904 Brookter Street<br/>Slidell, Louisiana 70461</b> | <b>3,000</b>                  |
| <b>Emile Henriquez<br/>1818 Barrymore Street<br/>Slidell, Louisiana 70461</b>  | <b>1,650</b>                  |
| <b>Michail Armolie<br/>1712 Kinds Row<br/>Slidell, Louisiana 70461</b>         | <b><u>1,200</u></b>           |
|  | <b>\$ <u><u>7,950</u></u></b> |



**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**  
**Schedule of Findings and Management Corrective Action Plan**  
**For the Year Ended December 31, 2022**

**Not Applicable**

**DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH**

**Status of Prior Year Findings**

**For the Year Ended December 31, 2022**

**Not Applicable**



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

Jessica S. Benjamin, Director  
Racheal D. Alvey, Director  
Michael R. Choate, CPA, Director

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American Society of Certified Public Accountants  
Society of Louisiana CPAs

### **Independent Accountants' Report on Applying Agreed-Upon Procedures**

Board of Commissioners  
Drainage District No.4 of St. Tammany Parish  
Slidell, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) agreed-upon procedures applicable to review attestations (AUPs) for the fiscal period January 1, 2022 through December 31, 2022. Drainage District No.4 of St. Tammany Parish's management is responsible for those C/C areas identified in the AUPs.

Drainage District No.4 of St. Tammany Parish (the District) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's AUPs for the fiscal 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 findings are as follows:

---

#### **Public Bid Law**

1. Select all expenditures made during the year for material and supplies exceeding \$30,000 or public works exceeding \$150,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 36:1755 (the state procurement code), whichever is applicable.

**Finding:** Procedure performed without exception.

**Corrective Action:** Not applicable.

2270 7th St., Suite 1  
Mandeville LA 70471  
(985) 727-9924 Phone  
(985) 727-9975 Fax

2915 S. Sherwood Forest Blvd., Suite B  
Baton Rouge, LA 70816  
(225) 292-7434 Phone  
(225) 293-3651 Fax

4900 Cypress St. #15  
West Monroe, LA 71291  
(318) 397-2472 Phone

**Code of Ethics for Public Officials and Public Employees**

2. Obtain from management a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

***Finding:*** Procedure performed without exception.

***Corrective Action:*** Not applicable.

3. Obtain from management a listing of all employees paid during the period under examination.

***Finding:*** Procedure performed without exception.

***Corrective Action:*** Not applicable.

4. Determine whether any of those employees include in the listing obtained from management in agreed-up Procedure 3 were also included in the listing obtained from management in agreed-upon Procedure 2 as immediate family members.

***Finding:*** Procedure performed without exception.

***Corrective Action:*** Not applicable.

**Budgeting**

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

***Finding:*** Procedure performed without exception.

***Corrective Action:*** Not applicable.

6. Trace the budget adoption and amendments to the minute book.

***Finding:*** Procedure performed without exception.

***Corrective Action:*** Not applicable.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more, or if actual expenditures exceed budgeted amounts by 5% or more. (Note, state law exempts from the amendment requirements special revenue funds with anticipated expenditure-driven—primarily federal funds). For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures to determine if actual expenditures exceed budgeted amounts by 10% or more per category or 5% or more in total.

***Finding:*** Procedure performed without exception.

***Corrective Action:*** Not applicable.

**Accounting and Reporting**

8. Randomly select six disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee, (b) determine if payments were properly coded to the correct fund and general ledger account, and (c) determine whether payments received approval from proper authorities.

***Finding:*** Procedure performed without exception.

***Corrective Action:*** Not applicable.

**Meetings**

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by R.S 42:11 through 42:28 (the open meetings law).

***Finding:*** Procedure performed without exception.

***Corrective Action:*** Not applicable.

**Debt**

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

***Finding:*** Procedure performed without exception.

***Corrective Action:*** Not applicable.

**Advances and Bonuses**

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advance, or gifts.

***Finding:*** Procedure performed without exception.

***Corrective Action:*** Not applicable.

**Prior-Year Comments**

12. Review any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

***Finding:*** Not applicable. A compilation engagement was performed in the prior year.

***Corrective Action:*** Not applicable.

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

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

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

***Griffin & Furman, LLC***

April 28, 2023



**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Governmental Agencies)**

Dear Chief Executive Officer:

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

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

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

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Michael J. Waguespack, CPA  
Louisiana Legislative Auditor

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Governmental Agencies)**

6/7/2023 (Date Transmitted)

Griffin & Furman, LLC (CPA Firm Name)

2270 7<sup>th</sup> St., Suite 1 (CPA Firm Address)

Mandeville, LA 70471 (City, State Zip)

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

**Public Bid Law**

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

Yes  No  N/A

**Code of Ethics for Public Officials and Public Employees**

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

Yes  No  N/A

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

Yes  No  N/A

**Budgeting**

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

Yes  No  N/A

**Accounting and Reporting**

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

Yes  No  N/A

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

Yes  No  N/A

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

Yes  No  N/A

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

Yes  No  N/A

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

Yes  No  N/A

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

Yes  No  N/A

**Meetings**

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

Yes  No  N/A

**Debt**

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

Yes  No  N/A

**Advances and Bonuses**

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

Yes  No  N/A

**Prior-Year Comments**

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

Yes  No  N/A

**General**

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

Yes  No  N/A

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

Yes  No  N/A

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

Yes  No  N/A

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

Yes  No  N/A

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

Yes  No  N/A

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

Yes  No  N/A

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

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

Yes [ ] No [ ] N/A [ X ]

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

Yes [ X ] No [ ] N/A [ ]

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

Carolyn Caralieu Secretary 6/7/2023 Date

Carolyn Caralieu Treasurer 6/7/2023 Date

[Signature] President 6/7/2023 Date