LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT #1

REPORT ON AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS

DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Livingston Parish Gravity Drainage
District #1
Denham Springs, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund (the General Fund) of the Livingston Parish Gravity Drainage District #1, "the District," a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund (the General Fund) of the Livingston Parish Gravity Drainage District #1, as of December 31, 2025, 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 of Opinions

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 opinions.

Responsibilities of Management for the Financial Statements

The District's 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, and for 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 13, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, 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 9, 2026, 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 the District's 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 9, 2026

Livingston Parish Gravity Drainage
District #1
Denham Springs, Louisiana
Management's Discussion and Analysis
December 31, 2025

This section of the Livingston Parish Gravity Drainage District #1's (the District) annual financial report presents our discussion and analysis of the District's activities for the year ended December 31, 2025. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the detailed financial statements.

FINANCIAL HIGHLIGHTS

* Net Position on December 31, 2025 was $13,381,111.

* The Net Position of the Governmental Activities showed an increase of $1,238,303 representing a 10.20% increase in 2025.

* The total fund balance of General Fund at December 31, 2025 was $10,430,224. This reflects an actual increase in 2025 of $843,735 or 8.80% over the amount in 2024.

* The District had a 6.03% increase in the amount of sales tax revenue in 2025 from the amount in 2024. The sales tax revenue totaled $3,481,074 in 2025 and $3,282,964 in 2024, representing 69.42% and 68.78% of the total revenue in each of the respective years.

* The District had an increase of $20,941 of ad valorem tax revenue in 2025. The ad valorem tax revenue totaled $1,126,903 in 2025 and $1,105,962 in 2024, representing 22.47% and 23.17% of the total revenues in each of the respective years.

OVERVIEW OF FINANCIAL STATEMENTS

The management discussion and analysis are intended to serve as an introduction to the basic financial statements of the District. The District's basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements.

Government-wide financial statements are designed by GASB Statement 34, as amended, to change the way in which governmental financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the District's financial position and results of operations in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activties* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and accrued but unpaid interest).

The government-wide financial statements can be found on pages 10 and 11 of this report.

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 financial-related legal requirements. The District has one fund, the General Fund, which is a governmental type fund.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable* resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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*.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 through 18 of this report.

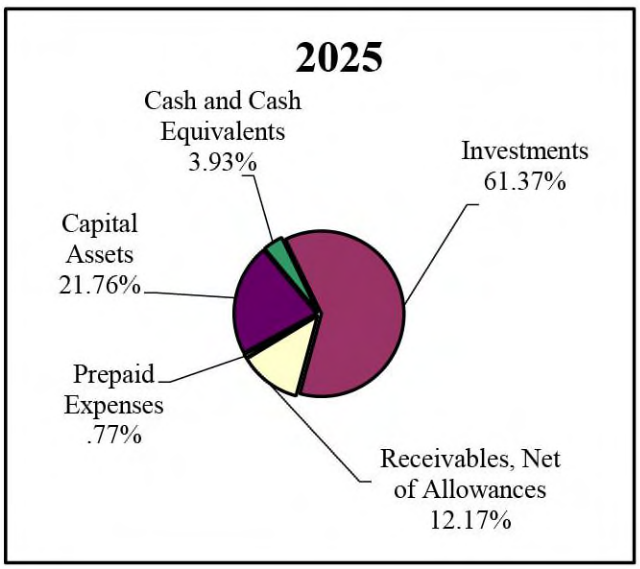
Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 33 of this report.

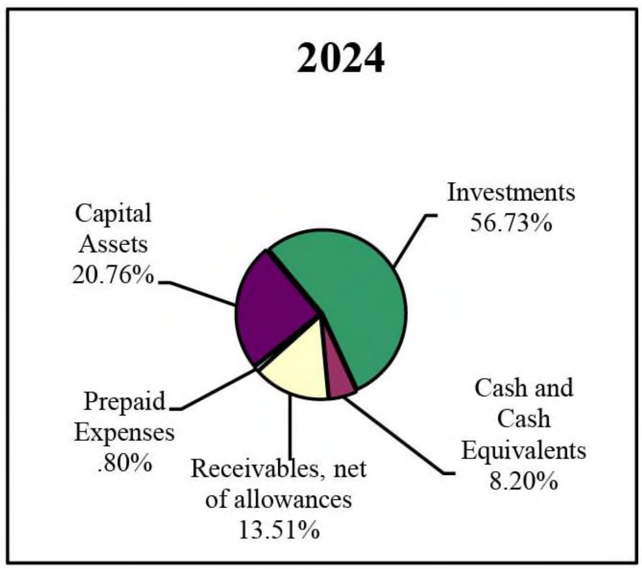
STATEMENT OF NET POSITION

The following is a schedule of the District's net position at December 31, 2025 and 2024. Net position is calculated by taking the difference between the total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of 2025 and 2024 by a total of \$13,381,111 and \$12,142,808, respectively.

Condensed Statements of Net Position

	2025	2024	Increases (Decreases)
Cash and Cash Equivalents	$ 532,931	$ 1,009,853	$ (476,922)
Investments	8,323,520	6,984,847	1,338,673
Receivables, Net of Allowances	1,651,013	1,662,913	(11,900)
Prepaid Expenses and Inventory	104,082	99,117	4,965
Capital Assets, Net of Accumulated Depreciation	2,950,887	2,556,319	394,568
Total Assets	13,562,433	12,313,049	1,249,384
Current Liabilities	181,322	170,241	11,081
Total Liabilities	181,322	170,241	11,081
Net Position			
Investment in Capital Assets	2,950,887	2,556,319	394,568
Unrestricted	10,430,224	9,586,489	843,735
Total Net Position	$ 13,381,111	$ 12,142,808	$ 1,238,303





STATEMENT OF ACTIVITIES

The District is committed to previous years' goals of accomplishing proper maintenance to the existing infrastructure canal and ditch systems for drainage. Various improvement projects at certain sites were undertaken as well as the continued ongoing clearing, spraying, and general improvement to drainage areas. The extreme growth in the number of homeowners along with business establishments in the District and the new challenges and demands for better drainage of water flow throughout the District is currently challenging management to improve all areas for drainage. Improving methods of clearing, cleaning, and maintaining existing canals is management's priority. Lower areas are being developed and the general population is occupying these areas in large numbers. As the growth continues within the District, due diligence and expenditure of resources will be a priority to secure proper drainage for all. Increased staff and equipment purchases were made in recent years to achieve the goal of proper drainage. The District has focused on the routine maintenance of problem drainage areas in the District and attempting assistance to various citizens with drainage issues. The District has completed the first phases of engineering of designing a modeling program of the major tributary, Gray's Creek, along other areas of the District. Dixon Creek, Allen Bayou, Beaver Creek, Colton Creek, LongSlash Branch, Plantation Estates, are being addressed with further modeling for drainage.

The majority of the funding for the District's operation and maintenance is provided by sales taxes on public sales within the boundaries of the District. The District collects a one-half cent sales and use tax within the boundaries of the District which is placed into the general fund. The District's voters passed a renewal of the one-half cent sales tax for a period of 20 years beginning in 2025 and ending in 2045. The District's voters passed a renewal of the 5 mill Ad Valorem property tax in 2019 which began in 2021. The District collected 3.79 mills in 2025. The funds are used to pay for the operation and maintenance of the drainage systems and asset purchases. Other sources of revenue result from interest earned and governmental revenue sharing amounts.

Condensed Statement of Activities

	2025	2024	Increases (Decreases)
Revenues:			
General Revenues:			
Ad Valorem Tax	$ 1,126,903	$ 1,105,962	$ 20,941
Sales Tax	3,481,074	3,282,964	198,110
State Revenue Sharing	23,265	32,807	(9,542)
Miscellaneous	33,683	958	32,725
Interest	343,967	342,945	1,022
Net Gain on Sale of Assets	5,285	7,401	(2,116)
Total General Revenues	5,014,177	4,773,037	241,140
Expenses:			
Public Works	3,423,458	3,439,401	(15,943)
Depreciation	352,416	322,980	29,436
	3,775,874	3,762,381	13,493
Change in Net Assets	1,238,303	1,010,656	227,647
Net Position - Beginning of Year	12,142,808	11,132,152	1,010,656
Net Position - End of Year	$ 13,381,111	$ 12,142,808	$ 1,238,303

REVENUES

* Sales and use tax revenue increased by $198,110 or 6.03% in 2025 from the previous year.
* Ad valorem tax revenue, increased $20,941 in 2025 over the prior year.
* Interest income continues to increase due to increased rates and more investments in Lamp.

EXPENSES

Total public works expenses for 2025 decreased by $15,943. This net decrease in operating expense was because of the following:

* Salaries, payroll taxes, and retirement expenses increased by $87,151 over the past year.
* Health insurance expenses increased by $76,343.
* Business insurance expenses increased by $26,567.
* Contracted services for grass cutting increased by $26,163.
* Office expense increased by $6,887.
* Miscellaneous expense increased by $3,975.
* Engineering/Legal fees included in professional fees decreased by $142,477 due to less projects during the year.
* Equipment repairs decreased by a total of $64,494 in 2025, due to less repairs made to heavy equipment during the year.
* Supplies decreased by $27,681.
* Fuel expense decreased by $5,654.

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 year, the total fund balance for the general fund was $10,430,224 as compared to the previous fiscal year of $9,586,489 an increase of $843,735. Of the ending governmental fund balance, $104,082 was considered non-spendable for prepaid insurance and inventory, $6,900,000 was committed for capital improvement projects, and $3,426,142 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 82.15% percent of total general fund expenditures, while total fund balance represented 250.10% of total general fund expenditures.

BUDGETARY HIGHLIGHTS

* The final amended budget for revenues in 2025 reflects an increase of $125,000. This was caused by continued growth beyond expectations of local sales tax revenue and ad valorem collections.
* In 2025, the District received $106,074 more in sales tax than the final amended revenue budget or a 3.14% favorable variance. In 2024, revenues were less than the final amended revenue budget by $7,036 or .002% unfavorable variance.
* In 2025, the final amended budget for total operational expenditures reflects a $94,558 favorable variance as compared to a $47,899 favorable variance in 2024. The 2025 final amended capital outlay budget reflected a $9,016 favorable variance in capital outlay expenditures along with the favorable variance of $11,543 in 2024.

CAPITAL ASSETS

The District's investment in capital assets as of December 31, 2025 was $2,950,887 and 2024 amounts to $2,556,319 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress, buildings, system improvements, machinery, and equipment. The total net increase in the District's cost of investment in capital assets for 2025 was $394,568 or 15.44%.

2025: Total cost of additions equaled $746,984:
Improvements/Infrastructure purchased amounted to $396,384.
Machinery and Equipment amounted to $243,139.
Construction in Progress amounted to $107,461.
Depreciation expense for 2025 amounted to $352,416.

Total cost of assets that were disposed of in 2025 was $20,197 in machinery and equipment. The District recognized a gain on the disposal of these assets of $5,285.

FUTURE EXPENSES

The District is committed to previous years' goals of accomplishing proper maintenance to all major canals, ditches, and lateral drainage channels for the new population demand being experienced within the District. The extreme growth in the number of homeowners in the District and the additional drainage impact effects from new development will require additional cleaning of major drainage channels. Focusing attention on canals which are holding surface water or causing delayed drainage will be pursued by the District in the future with the resources available. Increases in expenditures for engineering, employee salaries, general supplies will be realized in upcoming years. New capital outlay items for related maintenance equipment, interaction projects with FEMA and other federal matching capital outlay programs (Louisiana Watershed Initiative). Parish cooperative endeavor projects, and engineering for multiple watershed studies (revealing new improvement projects affecting citizen's drainage) will be realized. The prior watershed models have also revealed various projects that will be performed by staff as well as contractors which will give solutions to smaller drainage hot spot areas that need correction for proper drainage.

A modeling system is in process for engineering of the major District tributaries (Gray's Creek Watershed Project and four other watershed areas in the District) which will add expenses of major improvements within the next five years. The District adopted a 2026 budget amount equal to $6,145,000 which included Capital Outlay (designated for equipment and major watershed projects) in 2026 of $2,500,000 to accomplish the goals stated above inclusive of District improvements along the watershed of Allen Bayou, Gray's Creek, and other watershed projects as they become feasible. The actual budget would result in a deficit of $1,046,000 for 2026 if all projects are completed as planned. The prior year surplus reserves were saved and made available for these projects as they become a reality in 2026, 2027, and into 2028. The majority of these new major capital projects will require assistance through the Louisiana Watershed Initiative Program and other drainage based matching programs.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens and creditors with a general overview of the District's finances and reveal the District's accountability for the money received through its operations. If there are any questions about this report or need of additional financial information, contact Administrative Secretary, Randall Smith, Post Office Box 1265, Denham Springs, La 70727.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT #1

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2025
(With Comparative Totals as of December 31, 2024)

ASSETS

	Governmental Activities	
	2025	2024
Assets:		
Cash and Cash Equivalents	$ 532,931	$ 1,009,853
Investments	8,323,520	6,984,847
Due from Other Governments	6,709	9,953
Ad Valorem Taxes Receivable, Net of Allowance	1,021,970	1,079,885
Sales Tax Receivable, Net of Collection Fees	622,226	572,967
Other Receivables	108	108
Inventory	4,648	3,399
Prepaid Insurance	99,434	95,718
Capital Assets:		
Land and Construction in Progress	388,382	280,921
Capital Assets, Net of Accumulated Depreciation	2,562,505	2,275,398
Total Assets	$ 13,562,433	$ 12,313,049

LIABILITIES

	2025	2024
Liabilities:		
Accounts Payable	$ 153,010	$ 132,748
Accrued Liabilities	28,312	37,493
Total Liabilities	181,322	170,241

NET POSITION

	2025	2024
Investment in Capital Assets	2,950,887	2,556,319
Unrestricted	10,430,224	9,586,489
Total Net Position	13,381,111	12,142,808
Total Liabilities and Net Position	$ 13,562,433	$ 12,313,049

The accompanying notes to the financial statements are an integral part of this statement.

LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT #1

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	Governmental Activities	
	2025	2024
Governmental Activities:		
Expenses:		
Public Works	$ 3,423,458	$ 3,439,401
Depreciation	352,416	322,980
Total Expenses	3,775,874	3,762,381
General Revenues:		
Ad Valorem Tax	1,126,903	1,105,962
Sales Tax	3,481,074	3,282,964
State Revenue Sharing	23,265	32,807
Miscellaneous	33,683	958
Interest	343,967	342,945
Net Gain on Sale of Assets	5,285	7,401
Total General Revenues	5,014,177	4,773,037
Change in Net Position	1,238,303	1,010,656
Net Position - Beginning of Year	12,142,808	11,132,152
Net Position - End of Year	$13,381,111	$12,142,808

The accompanying notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT #1

BALANCE SHEET - GENERAL FUND

AS OF DECEMBER 31, 2025
(With Comparative Totals as of December 31, 2024)

	2025	2024
ASSETS		
Cash and Cash Equivalents	$ 532,931	$ 1,009,853
Investments	8,323,520	6,984,847
Due from Other Governments	6,709	9,953
Ad Valorem Taxes Receivable, Net of Allowance	1,021,970	1,079,885
Sales Tax Receivable, Net of Collection Fees	622,226	572,967
Other Receivables	108	108
Inventory	4,648	3,399
Prepaid Insurance	99,434	95,718
Total Assets	$ 10,611,546	$ 9,756,730
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	$ 153,010	$ 132,748
Accrued Liabilities	28,312	37,493
Total Liabilities	181,322	170,241
Fund Balance:		
Committed For Capital Improvements:		
Allen Bayou	2,700,000	2,700,000
Gray's Creek Widening	1,500,000	1,500,000
Madeline Fisher Ditch	1,000,000	1,000,000
Allen Bayou Relief	700,000	-
Culvert Maintenance Replacement	500,000	500,000
Colton Creek Culverts	500,000	500,000
Nonspendable:		
Inventory and Prepaid Insurance	104,082	99,117
Unassigned	3,426,142	3,287,372
Total Fund Balance	10,430,224	9,586,489
Total Liabilities and Fund Balance	$ 10,611,546	$ 9,756,730

The accompanying notes to the financial statements are an integral part of this statement.

LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT #1

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

AS OF DECEMBER 31, 2025
(With Comparative Totals as of December 31, 2024)

	2025	2024
Fund Balances - Total Governmental Fund	$10,430,224	$ 9,586,489
Amounts reported for governmental activities in the statement of net position is different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the fund		
Governmental Capital Assets	6,598,478	5,871,691
Less: Accumulated Depreciation	(3,647,591)	(3,315,372)
Capital Assets, Net of Accumulated Deprecation	2,950,887	2,556,319
Net Position of Governmental Activities	$13,381,111	$12,142,808

The accompanying notes to the financial statements are an integral part of this statement.

LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT #1

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

FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	2025	2024
Revenues:		
Ad Valorem Taxes	$ 1,126,903	$ 1,105,962
Sales Tax	3,481,074	3,282,964
State Revenue Sharing	23,265	32,807
Miscellaneous	33,683	958
Interest	343,967	342,945
Total Revenues	5,008,892	4,765,636
Expenditures:		
Public Works:		
Salaries	1,043,156	961,415
Per Diem-Board Members	10,100	8,900
Payroll Taxes	79,897	73,375
Retirement Contributions	63,028	65,340
Health Insurance	300,473	224,130
Assessor's Pension Fund	43,694	43,730
Business Insurance	175,855	149,288
Contract Services	528,605	502,442
Fuel	56,331	61,985
Legal and Professional Fees	711,898	854,375
Supplies	69,493	97,174
Miscellaneous	14,158	10,183
Office Supplies	30,284	23,397
Repairs and Maintenance	171,225	235,719
Sales Tax Collection Fees	49,332	49,221
Telephone	13,066	15,029
Uniforms	21,295	20,064
Utilities	41,568	43,634
	3,423,458	3,439,401

(CONTINUED)

LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT #1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	2025	2024
Expenditures (Continued):		
Capital Outlay	746,984	238,457
Total Expenditures	4,170,442	3,677,858
Excess of Revenues Over Expenditures	838,450	1,087,778
Other Financing Sources:		
Proceeds from Sale of Assets	5,285	9,160
Net Change in Fund Balance	843,735	1,096,938
Fund Balance at Beginning of Year	9,586,489	8,489,551
Fund Balance at End of Year	$10,430,224	$ 9,586,489

The accompanying notes to the financial statements are an integral part of this statement.

LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT #1

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

FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	2025	2024
Net Change in Fund Balances - Total Governmental Fund	$ 843,735	$ 1,096,938
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:		
Capital Outlays	746,984	238,457
Depreciation Expense	(352,416)	(322,980)
	394,568	(84,523)
Add: Accumulated Depreciation on Capital Assets Retired during the Year	20,197	63,989
Less: Cost Basis of Capital Assets Retired during the Year	(20,197)	(65,748)
	-	(1,759)
Change in Net Position of Governmental Activities	$ 1,238,303	$ 1,010,656

The accompanying notes to the financial statements are an integral part of this statement.

LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1

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

FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Ad Valorem Taxes	$ 1,100,000	$ 1,121,000	$ 1,126,903	$ 5,903
Sales Tax	3,300,000	3,375,000	3,481,074	106,074
State Revenue Sharing	22,000	21,500	23,265	1,765
Miscellaneous	-	31,000	33,683	2,683
Interest	348,500	347,500	343,967	(3,533)
Total Revenues	4,770,500	4,896,000	5,008,892	112,892
Expenditures:				
Public Works:				
Salaries	995,000	1,040,000	1,043,156	(3,156)
Per Diem- Board Members	12,000	11,500	10,100	1,400
Payroll Taxes	84,000	80,000	79,897	103
Retirement Contributions	75,000	62,000	63,028	(1,028)
Health Insurance	248,000	325,000	300,473	24,527
Assessor's Pension Fund	43,000	45,000	43,694	1,306
Business Insurance	165,000	185,000	175,855	9,145
Contract Services	436,000	581,000	528,605	52,395
Fuel	64,000	61,000	56,331	4,669
Legal and Professional Fees	675,000	747,000	711,898	35,102
Supplies	110,000	67,000	69,493	(2,493)
Miscellaneous	7,000	12,500	14,158	(1,658)
Office Supplies	17,000	30,000	30,284	(284)
Repairs and Maintenance	140,000	138,000	171,225	(33,225)
Sales Tax Collection Fees	52,000	49,000	49,332	(332)
Telephone	17,500	13,000	13,066	(66)
Uniforms	23,000	20,000	21,295	(1,295)
Utilities	53,000	42,000	41,568	432
Watershed Studies	125,000	-	-	-
	3,341,500	3,509,000	3,423,458	85,542

(CONTINUED)

LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT #1

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

FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Expenditures (Continued):				
Capital Outlay	2,450,000	756,000	746,984	9,016
Total Expenditures	5,791,500	4,265,000	4,170,442	94,558
Excess (Deficiency) of Revenues Over Expenditures	(1,021,000)	631,000	838,450	207,450
Other Financing Sources:				
Proceeds from Sale of Assets	-	5,000	5,285	285
Net Change in Fund Balance	(1,021,000)	636,000	843,735	207,735
Fund Balance at Beginning of Year	9,586,489	9,586,489	9,586,489	-
Fund Balance at End of Year	$ 8,565,489	$ 10,222,489	$ 10,430,224	$ 207,735

The accompanying notes to the financial statements are an integral part of this statement.

LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT #1

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies -

Livingston Parish Gravity Drainage District #1 ("the District") is a corporate body created by the Livingston Parish Council on November 22, 1969, as provided by Louisiana Revised Statutes. The purpose of the District is to provide maintenance services to drainage structures within the boundaries of the district. The District is governed by a board of five commissioners.

In October 2019, an election was held whereby the voters of Livingston Parish Gravity Drainage District #1 approved a ten year 5-mill property tax renewal on assessed property within the District which will expire in 2030. Also, on December 7, 2024, a 20-year renewal election was held whereby the voters of the District approved the renewal of a ½% sales tax. In addition, the District receives State Revenue Sharing funds from State provisions connected to the local property tax election passage.

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 GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. 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 conformance with Governmental Accounting Standards Board, Statement 61, the District is a component unit of the Livingston Parish Council, the governing body of the parish. As a component unit, the accompanying financial statements are to be included within the reporting of the primary government, either blended within the financial statements or separately reported as a discrete component unit. The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Council and the general government services provided by that governmental unit.

B. Basis of Presentation

The District's basic financial statements include both government-wide 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, and (b) 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 or operating and 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.

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, 2025, 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, property taxes, state revenue sharing, 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. Property taxes are recorded as revenues when levied even though a portion of the taxes may be collected in subsequent years. State revenue sharing is recorded when made available.

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.

D. Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays costing at least $1,500 and significantly extending the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight line basis over the following estimated useful lives:

Buildings and Improvements	20 to 40 years
Machinery and Equipment	5 to 10 years
Furniture and Fixtures	5 to 7 years
Vehicles	5 years

E. Budgetary Practices

The District utilizes the following budgetary practices.

The Chairperson of the Board prepares the annual budget which is based on what is expected to be collected during the fiscal year and is approved by the Board of Commissioners. The adopted budget constitutes the authority of the District to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved monthly by the Board before payment. The 2025 budget was discussed in a public hearing and adopted during a meeting of the Board on December 10, 2024. The amended 2025 budget was discussed in a public hearing and adopted during a meeting of the Board on December 9, 2025.

All budget amounts presented in the financial statements have been adjusted for legally authorized revisions of the annual budget during the year.

F. Reclassifications

Certain items in the 2024 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 expenses or change in net position.

G. 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 and such differences may be material.

H. Inventory

Inventory is valued at cost, which approximates market, using the first-in first-out method. The District's inventory consists of fuel.

I. 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 District'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, 2025, the District had no outstanding encumbrances.

J. Net Position

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net position into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

Net Investment in Capital Assets Component of Net Position - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount. The District does not have any capital related debt or capital related deferred inflows of resources, and as such, the component is *investment in capital assets* in the current year.

Restricted Component of Net Position - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Net position should be reported as restricted when constraints placed on net position use are either. (a) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) Imposed by law through constitutional provisions or enabling legislation.

Unrestricted Component of Net Position - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

K. Fund Balance

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. The nonspendable fund balance at the governmental fund level is equal to the amount of inventory and prepaid insurance at year-end to indicate the portion of the governmental fund balance that is nonspendable.

Restricted - These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - Amounts that can only be used for specific purposes determined by a formal action of the District board, which is the highest level of decision making authority for the District. 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 - These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes based on the discretion of the Board.

Unassigned - These are amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also, within other governmental funds, these include expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed or assigned for those purposes.

The details of the fund balances are included in the Balance Sheet - General Fund (page 12). 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.

L. Summary Financial Information for 2024

The financial statements include certain prior year summarized 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, 2024, from which the summarized information was derived.

(2) Cash and Cash Equivalents -

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

The District had bank balances of cash and cash equivalents totaling $558,374 with book balances of $532,931 at December 31, 2025.

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 the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to 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. The District does not have a formal policy for custodial credit risk. At December 31, 2025, the District has $558,374 in demand deposits (collected bank balances) for cash and cash equivalents. $250,000 of the demand deposits are secured from risk by $250,000 of federal deposit insurance and the remaining $308,374 of demand deposits are secured by pledged securities. The $308,374 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, 2025, consist of $8,323,520 in the Louisiana Asset Management Pool (LAMP), a local government external investment pool.

Fair Value Measurements. The investments are reflected at fair value except for the following which are permitted per GASB Statement No. 31:

- Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates are reported using a cost-based measure. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

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 73 days as of December 31, 2025,
- **Foreign currency risk**: Not applicable.

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. If you have any questions, please free to call to contact LAMP administrative offices at (800) 249-5267.

(4) Ad Valorem Taxes -

On October 2019, the voters, who live within the boundaries of Gravity Drainage District No. 1 of Livingston Parish, Louisiana, renewed a 5-mill ($5.00 per $1,000 of assessed valuation) ad valorem tax to provide funds for the maintenance, improvement, and construction of drainage structures within the District. The tax is effective for a 10-year period (2021-2030).

The ad valorem taxes are levied each November 15 on the taxable assessed value listed as of the prior January 1 for all real and business personal property located within the boundaries of Gravity Drainage District No. 1. Taxable assessed value represents the appraised value of the property less exemptions allowed by law. The Livingston Parish Assessor periodically determines the appraised values.

Taxes are due on November 15, the levy date, and they become delinquent on the following January 1. The taxes are generally collected in December of the current year and January through March of the following year. During late April or May, of the year following the year the tax was levied, the Sheriff's office sends out delinquent notices to the property owners. Soon after the Sheriff has mailed the delinquent notices, he will publish them in the newspaper. After a second publication in the newspaper and at least 30 days from the date of the first publication, the property is advertised for auction. The auction usually takes place in June or July. Properties sold at auction have liens placed on them by their buyers. The Parish will put a lien on any properties not sold at the auction.

As of January 1, 2025, the assessed value of the property located within Gravity Drainage District No. 1 of Livingston Parish, Louisiana, was $302,088,006. For 2025, the District levied 3.79 mills to finance the maintenance, improvement, and construction of drainage structures.

Total taxes assessed and taxes receivable at December 31, 2025, are as follows:

	General Operations 3.79 Mills
Revenues:	
2025 Ad Valorem Tax Assessed	$ 1,144,914
Less: 2025 Estimated Uncollectible	(28,623)
Excess Collections Over Prior Year Receivable	10,612
	$ 1,126,903
Receivable:	
2025 Property Tax Assessed	$ 1,144,914
Less: Current Year Taxes Collected in 2025	(94,321)
Total Property Taxes Receivable at December 31, 2025	1,050,593
Less: Allowance for Uncollectible Accounts	(28,623)
Net Property Tax Receivable at December 31, 2025	$ 1,021,970

(5) Changes in Capital Assets -

Governmental Activities	12/31/2024	Additions	Dispositions	12/31/2025
Capital Assets not Being Depreciated:				
Land	$ 157,288	$ -	$ -	$ 157,288
Construction in Progress	123,633	107,461	-	231,094
Total Capital Assets Not being Depreciated	280,921	107,461	-	388,382
Capital Assets being Depreciated:				
Buildings	1,092,635	-	-	1,092,635
Improvements/Infrastructure	1,304,971	396,384	-	1,701,355
Vehicles	630,930	-	-	630,930
Machinery and Equipment	2,539,743	243,139	(20,197)	2,762,685
Furniture and Fixtures	22,491	-	-	22,491
Total Capital Asset Being Depreciated	5,590,770	639,523	(20,197)	6,210,096
Less: Accumulated Depreciation for:				
Buildings	(408,413)	(30,925)	-	(439,338)
Improvements/Infrastructure	(612,558)	(67,910)	-	(680,468)
Vehicles	(461,554)	(51,814)	-	(513,368)
Machinery and Equipment	(1,814,769)	(199,425)	20,197	(1,993,997)
Furniture and Fixtures	(18,078)	(2,342)	-	(20,420)
Total Accumulated Depreciation	(3,315,372)	(352,416)	20,197	(3,647,591)
Total Capital Assets Being Depreciated, Net	2,275,398	287,107	-	2,562,505
Total Governmental Activities Capital Assets, Net	$ 2,556,319	$ 394,568	$ -	$ 2,950,887

Depreciation expense of $352,416 was charged to the Public Works function in the Statement of Activities.

(6) Commitments -

Following is a schedule that lists various projects and projects costs of each along with amounts spent to date:

Project Name	Contract Amount	Spent to Date	Remaining Commitment
Allen Bayou Relief	$ 165,751	$ 123,633	$ 42,118
Gray's Creek	269,600	107,461	162,139
Total Incomplete Construction at December 31, 2025	$ 435,351	$ 231,094	$ 204,257

(7) Long-Term Debt -

The Livingston Parish Gravity Drainage District #1 has no long-term debt transactions for the year ended December 31, 2025.

(8) Leases -

The District has no outstanding leases at December 31, 2025 that meet the recognition criteria of Governmental Accounting Standards Board Statement No. 87, *Leases*.

(9) Compensated Absences -

The District provides various forms of compensated leave benefits to its employees. An employee can earn sick leave and vacation leave based upon the number of hours worked each pay period and years of continuous employment. The employees of the District must use all of the compensated leave by year end. At this time, the District has no provision for leave carryover, and if leave is not used at year-end, it is lost. As such, a leave accrual is not required in the District's financial statements.

(10) Per Diem Paid Board Members -

Each member of the Board of Commissioners is eligible to receive a per diem allowance of $100 for attending each regular or special meeting of the board. Per diems paid to the board members for 2025 were as follows:

Commissioner	Number of Meetings	Amount Received
David Provost	22	$ 2,200
Chris Whitmire	17	1,700
Robert Borne	22	2,200
Carl Juneau	18	1,800
Brian Ross	22	2,200
		$10,100

(11) Schedule of Compensation, Benefits, and Other Payments to Chairman of the Board of Directors -

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by David Provost, Chairman of the Board of Directors, who was the acting agency head for the year ended December 31, 2025.

Per Diem	$2,200
Benefit Insurance	-
Travel Reimbursements	-
Conferences	-
Meals	-
Total Compensation	$2,200

(12) Pension Plan and Retirement Commitments -

The District has a Simplified Employee Pension Plan (SEP) for its employees. Under this defined contribution plan, the District's Board of Commissioners establishes individual retirement accounts for each eligible employee to whom the District will make a contribution as determined on a year-to-year basis. Because contributions are made to individual retirement accounts, all contributions received by an employee are 100% vested. The employee may select between several investments options. The District does not guarantee the results of these investments. The District's Board of Commissioners voted to contribute 9.0% of eligible wages for 2025 which amounts to $63,028. The District's Board of Commissioners votes whether to amend the plan or not.

(13) 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.

(14) Sales Tax Abatement -

In prior years, the District entered into cooperative endeavor agreements with one economic development district under provisions of the LA.R.S. 33:9038 Sales Tax Increment Financing. Under the provisions of the law, entities may enter into the cooperative endeavor agreements to dedicate a portion or all of the sales tax collected within the economic development district area for the purpose of repaying revenue bonds issued to fund economic development projects within the districts. For the year ended December 31, 2025, the District abated sales taxes totaling $397,339 under a cooperative endeavor agreement.

- Juban Crossing Economic Development District (JCEDD) – The District entered into a cooperative endeavor agreement with the JCEDD to dedicate 40.00 percent of the District's ½ cent sales tax collected within the JCEDD area for the purposes of repaying revenue bonds issued to fund JCEDD projects. The District is not responsible for maintenance within the JCEDD area while the JCEDD revenue bonds are outstanding. Once the JCEDD revenue bonds are paid in full, the District will start receiving 100 percent of its ½ sales tax collected within the JCEDD area and then will be responsible for the maintenance within the JCEDD area. The abated sales tax amounted to $397,339 for the year ended December 31, 2025.

(15) Current Year Adoption of New Accounting Standards -

The following statement of the Governmental Accounting Standards Board (GASB) is effective for the District's 2025 fiscal year. The District has adopted and implemented this statements in the preparation of the financial statements for the year ended December 31, 2025.

- During the year, the District adopted GASB Statement No. 102, *Certain Risk Disclosures*. This new accounting standard had no material effect on the District's financial statements.

LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT #1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2025

(16) Current Accounting Pronouncements -

The following statements of the Governmental Accounting Standards Board will be effective for years subsequent to the District's fiscal year 2025.

1. Statement No. 103 – Financial Reporting Model Improvements (2026)
2. Statement No. 104 – Disclosure of Certain Capital Assets (2026)
3. Statement No. 105 – *Subsequent Events* (2027)

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

(17) Subsequent Events -

Management has evaluated subsequent events and transactions for potential recognition or disclosures in the financial statements through June 9, 2026, the date which the financial statements were available to be issued.

INDEPENDENT AUDITOR'S REPORT [ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE COMPONENT UNIT FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*]

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Livingston Parish Gravity Drainage
District #1
Denham Springs, 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 (*Government Auditing Standards*), the financial statements of the governmental activities and the major fund (the General Fund) of the Livingston Parish Gravity Drainage District #1, (the District) a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2025, 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 9, 2026.

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 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 entity'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 9, 2026

LIVINGSTON PARISH GRAVITY DRAINAGE
DISTRICT #1

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2025

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?	______ Yes	x No

B. Internal Control Over Financial Reporting

None

C. Compliance and Other Matters

None

LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT #1

SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

A. Internal Control Over Financial Reporting

None.

B. Compliance and Other Matters

None.

LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT# 1

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

DECEMBER 31, 2025

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Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Board of Commissioners
Livingston Parish Gravity Drainage District #1
Livingston Parish Council
Denham Springs, Louisiana
And the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control 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, 2025 through December 31, 2025. Livingston Parish Gravity Drainage District #1's (the District) 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, 2025 through December 31, 2025. 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:

1) Written Policies and Procedures

A. 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:

   i. ***Budgeting,*** including preparing, adopting, monitoring, and amending the budget. – **No exceptions.**

   ii. ***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.**

   iii. ***Disbursements,*** including processing, reviewing, and approving. – **No exceptions.**

iv. ***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.**

v. ***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. – **No exceptions.**

vi. ***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.**

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. – **No exceptions.**

viii. ***Credit Cards (and debit cards, fuel cards, purchase 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.**

ix. ***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.**

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. – **No exceptions.**

xi. ***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. – **No exceptions.**

xii. ***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.**

2) Board or Finance Committee

A. 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:

i. 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.**

ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds , and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. – **No exceptions.**

iii. 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. – **Per review of the prior year's audit report, there was no negative ending unassigned fund balance in the general fund.**

iv. 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.**

3) Bank Reconciliations

A. 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:

   i. 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.**

   ii. 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 within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and – **No exceptions.**

   iii. 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.**

4) Collections (excluding electronic funds transfers)

A. 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.**

B. 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, then 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:

   i. Employees responsible for cash collections do not share cash drawers/registers; – **No exceptions.**

   ii. Each employee responsible for collecting cash is not also 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.**

   iii. Each employee responsible for collecting cash is not also 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.**

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not responsible for collecting cash, unless another employee/official verifies the reconciliation. – **No exceptions.**

C. 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 enforce during the fiscal period. – **No exceptions.**

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). Alternatively, 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:

i. Observe that receipts are sequentially pre-numbered. – **No exceptions.**

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. – **No exceptions.**

iii. Trace the deposit slip total to the actual deposit per the bank statement. – **No exceptions.**

iv. 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.**

v. Trace the actual deposit per the bank statement to the general ledger. – **No exceptions.**

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

A. 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.**

B. For each location selected under #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase; – **No exceptions.**

ii. At least two employees are involved in processing and approving payments to vendors; – **No exceptions.**

iii. 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.**

iv. 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.**

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

C. For each location selected under #5A 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.**

i. 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.**

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B above, as applicable. – **No exceptions.**

D. 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.**

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.**

B. 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:

i. 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.**

ii. Observe that finance charges and late fees were not assessed on the selected statements. – **No exceptions.**

C. Using the monthly statements or combined statements selected under #6B 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.**

D. Using the listing of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed. – **No exceptions.**

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

A. 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 and 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. Obtained management's representation that there were none.**

i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide) or the U.S. General Services Administration (www.gsa.gov); – **N/A for current year. See above note.**

ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased; – **N/A for current year. See above note**

iii. 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 Policies and Procedure #1A(vii); and – **N/A for current year. See above note.**

iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. – **N/A for current year. See above note.**

8) *Contracts*

A. 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:

i. 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**.

ii. 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.**

iii. 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, the documented approval); and - **No exceptions.**

iv. 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.**

9) Payroll and Personnel

A. 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.**

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:

i. Observe all selected employees or official documented their daily attendance and leave (e.g., vacation, sick, compensatory; – **No exceptions.**

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials; – **No exceptions.**

iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and – **No exceptions.**

iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file. – **No exceptions.**

C. 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 and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy. – **No exceptions.**

D. 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.**

10) ***Ethics***

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:

i. 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.**

ii. 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.**

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170. – **No exceptions.**

11) Debt Service

A. 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.**

B. 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). – **No exceptions.**

12) Fraud Notice

A. 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. – **No exceptions.**

B. 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.**

13) Information Technology Disaster Recovery/Business Continuity

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.**

D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network. – **We performed the procedure and discussed the results with management.**

E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows: - **We performed the procedure and discussed the results with management**.

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, 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**.

B. 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.**

C. 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: - **No exceptions.**

i. Number and percentage of public servants in the agency who have completed the training requirements;

ii. Number of sexual harassment complaints received by the agency;

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action, and

v. Amount of time it took to resolve each complaint.

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.

This report is intended 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 9, 2026