

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE  
DISTRICT NO. 5 OF THE PARISH OF ST. TAMMANY,  
STATE OF LOUISIANA**

**Financial Statements with Supplementary Information**

**December 31, 2023**

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

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5  
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

**Table of Contents**

	<u>Page</u>
<b>Independent Accountants' Compilation Report</b>	<b>1 - 2</b>
<b>Basic Financial Statements:</b>	
<b>Government Wide Financial Statements:</b>	
<b>Statement of Net Position</b>	<b>3</b>
<b>Statement of Activities</b>	<b>4</b>
<b>Fund Financial Statements:</b>	
<b>Balance Sheet – Governmental Funds</b>	<b>5</b>
<b>Statement of Revenues, Expenditures, and Changes in Fund         Balance – Governmental Funds</b>	<b>6</b>
<b>Reconciliation of the Statement of Revenues, Expenditures, and         Changes in Fund Balance of Governmental Funds to the         Statement of Activities</b>	<b>7</b>
<b>Required Supplementary Information:</b>	
<b>Statement of Revenues, Expenditures, and Changes in Fund     Balance – Budget and Actual (Budgetary Basis) – General Fund</b>	<b>8</b>
<b>Other Supplementary Information:</b>	
<b>Schedule of Compensation, Benefits, and Other Payments to Agency Head</b>	<b>9</b>
<b>Schedule of Compensation Paid to Board Members</b>	<b>10</b>
<b>Schedule of Findings and Management Corrective Action Plan</b>	<b>11</b>
<b>Status of Prior Year Findings</b>	<b>12 - 13</b>



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

Howard P. Vollenweider, CPA  
Jessica S. Benjamin

Racheal D. Alvey  
Michael R. Choate, CPA

---

American Society of Certified Public Accountants  
Society of Louisiana CPAs

### **Independent Accountants' Compilation Report**

**Board of Commissioners  
Sub-Drainage District No. 2 of Gravity Drainage District No. 5  
of the Parish of St. Tammany, State of Louisiana  
Mandeville, Louisiana**

**Management is responsible for the accompanying basic financial statements of the governmental activities of Sub-Drainage District No. 2 of Gravity District No. 5 of the Parish of St. Tammany, State of Louisiana (the District), as of and for the year ended December 31, 2023 which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.**

#### **Other Supplementary Information**

**The accompanying schedule of compensation, benefits, and other payments to agency head and schedule of compensation paid to board members are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the representation of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.**

#### **Required Supplementary Information**

**Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the representation of management. This information was subject to our compilation engagement; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.**

205 E. Lockwood St.  
Covington LA 70433  
Phone: (985) 727-9924  
Fax: (985) 400-5026

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

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

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

*Other Matters*

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

*Griffin & Furman, LLC*

January 19, 2024

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5  
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

**Statement of Net Position**

**December 31, 2023**

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

**Assets**

Cash & cash equivalents	\$	96,083	
Capital assets, net of accumulated depreciation		<u>832,227</u>	
			<u>928,310</u>

**Net Position**

<b>Net Position:</b>			
Net investment in capital assets		832,227	
Unrestricted		<u>96,083</u>	
Total net position			\$ <u>928,310</u>

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5  
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

**Statement of Activities**

**For the Year Ended December 31, 2023**

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

<b>Expenses:</b>		
Accounting and audit	\$ (3,210)	
Administrative	(2,500)	
Bank charges	(480)	
Depreciation	(47,492)	
Repairs and maintenance	(13,480)	
Insurance	(5,939)	
Sheriff's collection fee	<u>(8,888)</u>	
Total expenses		<b>(81,989)</b>
<b>General Revenues:</b>		
Parcel fees	127,914	
Other income	<u>5,850</u>	
Total general revenues		<b>133,764</b>
<b>Non-Operating Revenue (Expense):</b>		
Interest income	<u>335</u>	
Total non-operating revenue (expense)		<u><b>335</b></u>
<b>Change in net position</b>		<b>52,110</b>
<b>Net position - beginning of year</b>		<u><b>876,200</b></u>
<b>Net position - end of year</b>		<u><u><b>\$ 928,310</b></u></u>

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5  
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

**Governmental Funds**

**Balance Sheet**

**December 31, 2023**

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

**Assets**

	<b><u>General</u></b>	<b><u>Capital Projects</u></b>	<b><u>Total Government Funds</u></b>
<b>Current Assets:</b>			
Cash & cash equivalents	\$ <u>35,547</u>	<u>60,536</u>	<u>96,083</u>
	<u>35,547</u>	<u>60,536</u>	<u>96,083</u>

**Fund Balance**

<b>Fund Balance:</b>			
Committed to capital projects	<u>35,547</u>	<u>60,536</u>	<u>96,083</u>
<b>Total fund balance</b>	<u>35,547</u>	<u>60,536</u>	<u>96,083</u>
<b>Total liabilities &amp;     fund balance</b>	\$ <u>35,547</u>	<u>60,536</u>	

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

<b>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds</b>	<u>832,227</u>
<b>Net position of governmental activities</b>	\$ <u>928,310</u>

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5  
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

**Governmental Funds**

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

**For the Year Ended December 31, 2023**

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

	<u>General</u>	<u>Capital Projects</u>	<u>Total Government Funds</u>
<b>Revenues:</b>			
Parcel fees	\$ -	127,914	127,914
Interest income	-	335	335
Other income	<u>5,850</u>	<u>-</u>	<u>5,850</u>
<b>Total revenues</b>	<u>5,850</u>	<u>128,249</u>	<u>134,099</u>
<b>Expenditures:</b>			
<b>General</b>			
Administrative expense	2,500	480	2,980
Accounting and audit	3,210	-	3,210
Insurance	5,939	-	5,939
Repairs and maintenance	-	13,480	13,480
Sheriff's collection fee	-	8,888	8,888
Capital outlay	<u>-</u>	<u>51,616</u>	<u>51,616</u>
<b>Total expenditures</b>	<u>11,649</u>	<u>74,464</u>	<u>86,113</u>
<b>Other financing sources:</b>			
Transfers (to)/from other funds	<u>4,625</u>	<u>(4,625)</u>	<u>-</u>
<b>Total other financing sources</b>	<u>4,625</u>	<u>(4,625)</u>	<u>-</u>
<b>Net change in fund balance</b>	<b>(1,174)</b>	<b>49,160</b>	<b>47,986</b>
<b>Fund balance, beginning of period</b>	<u>36,721</u>	<u>11,376</u>	<u>48,097</u>
<b>Fund balance, end of period</b>	<u><u>\$ 35,547</u></u>	<u><u>60,536</u></u>	<u><u>96,083</u></u>

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5  
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

**Governmental Funds**

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

**For the Year Ended December 31, 2023**

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

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 47,986</b>
 <b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>	
 <b>Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is capitalized and depreciated when applicable. This is the amount by which capital outlays exceeded depreciation in the current period.</b>	
	<u><b>4,124</b></u>
<b>Change in net position of governmental activities</b>	<b>\$ <u><u>52,110</u></u></b>

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5  
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

**Governmental Funds**

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

**For the Year Ended December 31, 2023**

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Other income	\$ -	-	5,850	5,850
Total revenues	<u>-</u>	<u>-</u>	<u>5,850</u>	<u>5,850</u>
<b>Expenditures:</b>				
<b>General</b>				
Administrative expense	3,839	3,839	2,500	1,339
Accounting and audit	3,150	3,150	3,210	(60)
Insurance	<u>6,000</u>	<u>6,000</u>	<u>5,939</u>	<u>61</u>
Total expenditures	<u>12,989</u>	<u>12,989</u>	<u>11,649</u>	<u>1,340</u>
<b>Other:</b>				
Transfers (to)/from other funds	<u>12,989</u>	<u>12,989</u>	<u>4,625</u>	<u>8,364</u>
Net change in fund balance	-	-	(1,174)	(1,174)
Fund balance, beginning of period	<u>14,428</u>	<u>14,428</u>	<u>36,721</u>	<u>(22,293)</u>
Fund balance, end of period	\$ <u><u>14,428</u></u>	<u><u>14,428</u></u>	<u><u>35,547</u></u>	<u><u>(23,467)</u></u>

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5  
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

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

**For the Year Ended December 31, 2023**

**Mark McCulla, Chairman of the District, received no compensation, benefits, or other payments of any kind during the year ended December 31, 2023.**

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5  
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

**Schedule of Compensation Paid to Board Members**

**For the Year Ended December 31, 2023**

<b>Michael Rosamond</b>	<b>\$</b>	<b>-</b>
<b>Mark McCulla</b>		<b>-</b>
<b>Eugene "Pat" Phillips</b>		<b>-</b>
<b>Wayne Durr</b>		<b>-</b>
<b>David Bates</b>		<b>-</b>
		<hr/>
<b>Total</b>	<b>\$</b>	<b>-</b>
		<hr/> <hr/>

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5  
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

**Schedule of Findings and Management Corrective Action Plan**

**For the Year Ended December 31, 2023**

**Finding 2023-1:**

***Criteria:***

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

***Condition & Cause:***

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

***Recommendation:***

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

***Management Corrective Action Plan:***

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

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5  
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

**Status of Prior Year Findings**

**For the Year Ended December 31, 2023**

**Finding 2022-1:**

***Criteria:***

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

***Condition & Cause:***

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

***Recommendation:***

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

***Management Corrective Action Plan:***

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

***Status of Finding:***

There is no change in the status of this comment.

**Finding 2022-2:**

***Criteria:***

R.S. 24:513 provides that any state auditee must submit an audit report within six months of their fiscal year end.

***Condition & Cause:***

The District timely approved the submission, however the auditor inadvertently failed to submit the report by the due date.

**SUB-DRAINAGE DISTRICT NO. 2 OF GRAVITY DRAINAGE DISTRICT NO. 5  
OF THE PARISH OF ST. TAMMANY, STATE OF LOUISIANA**

**Status of Prior Year Findings**

**For the Year Ended December 31, 2023**

***Effect:***

**The District is not in compliance with R.S. 24:513.**

***Recommendation:***

**We recommend the District submit their financial report within six months of its year end.**

***Management Corrective Action Plan:***

**The District will request the auditor provide confirmation the report has been timely submitted.**

***Status of Finding:***

**This finding has been resolved.**