

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Financial Statements with Supplementary Information

December 31, 2023

(With Independent Accountants' Review Report Thereon)

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Table of Contents

	<u>Page</u>
Independent Accountants' Review Report	1 - 2
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet - Governmental Funds	5
Reconciliation of the Balance Sheet Fund Balance - Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds to the Statement of Activities	8
Notes to Financial Statements	9 - 18
Other Supplementary Information:	
Schedule of Compensation, Benefits and Other Payments to Agency Head	19
Schedule of Compensation Paid to Board Members	20
Schedule of Findings and Management Corrective Action Plan	21
Status of Prior Year Findings	22
Independent Accountants' Report on Applying Agreed-Upon Procedures	23 - 26



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' Review Report

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

We have reviewed the accompanying financial statements of the governmental activities of Drainage District No. 4 of St. Tammany Parish (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

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

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

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

Accountants' Conclusion

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

Required Supplementary Information

Management has elected to omit the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other Supplementary Information

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

Griffin & Furman, LLC

April 1, 2024

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Statement of Net Position

December 31, 2023

(See Independent Accountants' Review Report)

	<u>Governmental Activities</u>	
	<u>Assets</u>	
Cash & cash equivalents	\$	177,028
Certificates of deposit		25,870
Maintenance and operations taxes receivable		303,094
Other assets		5,879
Right to use asset, net of amortization		95,260
Capital assets, net of accumulated depreciation		<u>1,817,225</u>
Total assets	\$	<u><u>2,424,356</u></u>
	<u>Liabilities & Net Position</u>	
Liabilities:		
Accounts payable and accrued expenses	\$	5,495
Lease liability		<u>95,260</u>
Total liabilities		100,755
	<u>Deferred Inflows of Resources</u>	
Deferred amounts related to grants		<u>189,222</u>
Total deferred inflows		189,222
Net Position:		
Net investment in capital assets		1,817,225
Unrestricted		<u>317,154</u>
Total net position		<u><u>2,134,379</u></u>
Total liabilities & net position	\$	<u><u>2,424,356</u></u>

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Statement of Activities

For the Year Ended December 31, 2023

(See Independent Accountants' Review Report)

Activities:	<u>Expenses</u>	<u>Capital Grants</u>	<u>Net (Expense) Revenue & Changes in Net Position</u>
Governmental activities:			
Drainage	\$ <u>(267,870)</u>	<u>10,070</u>	<u>(257,800)</u>
Total governmental activities	\$ <u><u>(267,870)</u></u>	<u><u>10,070</u></u>	<u><u>(257,800)</u></u>
General Revenues:			
Maintenance and operations taxes			<u>314,155</u>
Other revenue			<u>2,727</u>
Interest			<u>1,382</u>
Total general revenues			<u><u>318,264</u></u>
Change in net position			<u>60,464</u>
Net position - beginning of the year			<u>2,073,915</u>
Net position - end of year			\$ <u><u>2,134,379</u></u>

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Governmental Funds

Balance Sheet

December 31, 2023

(See Independent Accountants' Review Report)

	<u>General Fund</u>
<u>Assets</u>	
Cash & cash equivalents	\$ 177,028
Certificates of deposit	25,870
Maintenance and operations taxes receivable	303,094
Other assets	<u>5,879</u>
Total assets	\$ <u>511,871</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>	
Liabilities:	
Accounts payable and accrued expenses	\$ 5,495
Unearned grant revenue	<u>189,222</u>
Total liabilities	194,717
Deferred Inflows of Resources:	
Unavailable maintenance and operations taxes	8,813
Fund Balance:	
Unassigned	<u>308,341</u>
Total liabilities, deferred inflows of resources, & fund balance	\$ <u>511,871</u>

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

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

December 31, 2023

(See Independent Accountants' Review Report)

Total Governmental Fund Balance	\$	308,341
 Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		1,912,485
Certain maintenance and operations taxes are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the governmental funds		8,813
Lease liabilities are not due and payable in the current period and accordingly are not reported in the funds		<u>(95,260)</u>
Total Net Position of Governmental Activities	\$	<u><u>2,134,379</u></u>

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2023

(See Independent Accountants' Review Report)

	General Fund
	<hr/>
Revenues:	
Maintenance and operations taxes	\$ 321,298
Grant revenue	10,070
Other revenue	2,727
Interest	1,382
	<hr/>
Total revenues	<hr/> 335,477
Expenditures:	
Drainage	
Salaries	57,360
Hurricane mitigation	10,248
Professional services	21,865
Repairs and maintenance	56,258
Fuel	7,069
Lease	7,122
Board per diem	8,700
Utilities	9,395
Taxes and licenses	1,763
Payroll taxes	4,695
Insurance	4,923
Office supplies	3,454
Interest	2,478
Other	9,447
Capital outlay - equipment	9,705
	<hr/>
Total expenditures	<hr/> 214,482
Net change in fund balance	120,995
Fund balance, beginning of period	<hr/> 187,346
Fund balance, end of period	<hr/> <hr/> \$ 308,341

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

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

For the Year Ended December 31, 2023

(See Independent Accountants' Review Report)

Net change in fund balances - total governmental funds **\$ 120,995**

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

**Governmental funds report capital outlays as expenditures; however,
in the Statement of Activites, the cost of those assets is capitalized
and depreciated and / or amortized when applicable. This is the amount
by which depreciation and amortization exceeded capital outlays** **(60,510)**

**Repayment of the lease liability is an expenditure in the governmental
funds, but the repayment reduces the lease liability in the Statement
of Net Position** **7,122**

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

Change in unavailable maintenance and operations taxes **(7,143)**

Change in net position of governmental activities **\$ 60,464**

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2023

(See Independent Accountants' Review Report)

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

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

(b) Reporting Entity

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

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

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

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2023

(See Independent Accountants' Review Report)

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

(c) Basis of Presentation

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

General Fund

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

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2023

(See Independent Accountants' Review Report)

(d) Measurement Focus and Basis of Accounting

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

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

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

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

(e) Budgets Policies

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

The operating budget was adopted at a meeting held on January 11, 2023.

(f) Cash and Certificates of Deposit

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

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2023

(See Independent Accountants' Review Report)

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

(g) Receivables and Revenues

Parcel fees are assessed on January 1 of each year. The Board of Commissioners pass an annual resolution during the January board meeting authorizing St. Tammany Parish Assessor's Office to collect the annual parcel fees. Once collections are made, St. Tammany Parish Sheriff's Office remits the funds received each month to the District. Funds are received within the first four months of the year. Parcel fee revenues are recognized when levied to the extent that they are both measurable and available.

Parcel fee receivables are collected and received by the District within 60 days subsequent to year end and are considered deferred because they are not deemed available to finance operations of the current period. Parcel fee receivables are deemed to be substantially collectable; therefore, no allowance for doubtful tax accounts is deemed necessary.

(h) Right to Use Asset

The District has recorded a right to use lease asset as a result of implementing GASB No. 87. The right to use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus any ancillary charges necessary to place the lease into service. The right to use asset is amortized on a straight-line basis over the life of the related lease.

(i) Capital Assets

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

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

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

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2023

(See Independent Accountants' Review Report)

(j) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

(k) Equity Classifications

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

1. Net investment in capital assets - Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - Consist of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "Net investment in capital assets."

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

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

- *Nonspendable* – This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributions, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy,

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2023

(See Independent Accountants' Review Report)

change or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

- *Committed* – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- *Assigned* – This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but neither restricted nor committed. The authority for assigning fund balance is expressed by the District or the designee as established in the District's Fund Balance Policy.
- *Unassigned* – This component consists of amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) are available for use. It is the District's policy to use committed resources first, then assigned, and the unassigned as they are needed.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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

(1) Deferred Outflows / Inflows of Resources

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District has two types of items, which arise only under a modified accrual basis of accounting, which

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2023

(See Independent Accountants' Review Report)

qualifies for reporting in this category. Accordingly, the items, unavailable revenue, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: parcel fees and grant revenues. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. Parcel fees for the governmental fund types, which have been remitted within 60 days subsequent to the year end, are considered measurable and available and recognized as revenues. All other parcel fees are offset by deferred inflows of resources and, accordingly, have not been recorded as revenue.

(m) New Accounting Standard Adopted

In May of 2020, the GASB Statement No. 96, Subscription-Based Information Technology Arrangements, was issued. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, or an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, Leases, as amended. The adoption of this standard had no effect on the District's financials.

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

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

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

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

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

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

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2023

(See Independent Accountants' Review Report)

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

The year end balances of deposits are as follows:

	Bank Balances Category			Book
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Demand deposits	\$ 168,000	-	-	177,028
Certificate of deposit	<u>25,870</u>	<u>-</u>	<u>-</u>	<u>25,870</u>
Total	<u>\$ 193,870</u>	<u>-</u>	<u>-</u>	<u>202,898</u>

(3) Maintenance and Operations Taxes

The maintenance and operations tax is levied on each 10,000 square feet of each lot and parcel owned at a total rate of \$253. The maintenance and operation tax is imposed for five-year terms and may be renewed for five-year terms at the end of each term by calling for a special election on or before the last day of December in the last year of each term for approval of the electors residing within Drainage District No. 4.

The tax is collected by the St. Tammany Parish Sheriff at the same time as the Parish ad valorem taxes, enjoys the same recourse as Parish ad valorem taxes for nonpayment, and primes all other liens except Parish ad valorem taxes. Total maintenance and operations taxes receivable at December 31, 2022 amounted to \$ 303,094.

(4) Capital Assets and Right to Use Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2023 for the primary government are as follows:

	Balance			Balance
	January 1,	Increases	Decreases	December 31,
	<u>2023</u>			<u>2022</u>
Capital assets, being depreciated				
Levee	\$ 2,338,466	-	-	2,338,466
Equipment	<u>600,105</u>	<u>9,705</u>	<u>-</u>	<u>609,810</u>
Total capital assets being				
depreciated	<u>2,938,571</u>	<u>9,705</u>	<u>-</u>	<u>2,948,276</u>
Right to use assets, being amortized				
Intangible right to use, building	<u>106,869</u>	<u>-</u>	<u>-</u>	<u>106,869</u>
Total right to use assets, being				
amortized	<u>106,869</u>	<u>-</u>	<u>-</u>	<u>106,869</u>

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2023

(See Independent Accountants' Review Report)

Less accumulated depreciation/ amortization:				
Levee	(560,257)	(58,462)	-	(618,719)
Equipment	(504,173)	(8,159)	-	(512,332)
Intangible right to use, building	(8,015)	(3,594)	-	(11,609)
Total accumulated depreciation and amortization	(1,072,445)	(70,215)	-	(1,142,660)
Total capital assets, net	\$ 1,972,995	(60,510)	-	1,912,485

The District recorded \$70,215 of depreciation and amortization expense on its capital assets for the year ended December 31, 2023.

In June 2020, the District, as a lessee, entered into a five-year term for a lease of an office building requiring monthly rental payments of \$800. As a result, on January 1, 2022, the District recorded a lease asset and liability totaling \$106,869. The liability is reduced and interest expense is recorded as rental payments are made and the asset is being amortized over a straight-line basis over the 180-month term of the lease period, including extensions expected to be exercised. For the year ended December 31, 2023, the District recognized interest expense of \$2,478 and amortization expense of \$3,594 in connection with this lease.

Future payments under this lease are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 7,302	2,298	9,600
2025	7,486	2,114	9,600
2026	7,676	1,924	9,600
2027	7,870	1,730	9,600
2028	8,069	1,531	9,600
2029 - 2033	43,511	4,489	48,000
2034 - 2035	<u>13,346</u>	<u>254</u>	<u>23,200</u>
Total	\$ 95,260	14,340	109,600

(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses, as reported on the statement of net position and balance sheet at December 31, 2023 included the following:

Accounts payable - vendors	\$ 4,176
Accrued expenses	<u>1,319</u>
Total	\$ <u>5,495</u>

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2023

(See Independent Accountants' Review Report)

(6) Risk Management

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

(7) Commitments and Contingencies

The District has no public works contracts or commitments open at December 31, 2023.

(8) Subsequent Events

The District evaluated subsequent events through April 1, 2024, the date which the financial statements were available to be issued.

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

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

For the Year Ended December 31, 2023

(See Independent Accountants' Review Report)

Agency Head Name: Wayne Espat

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 12,000
Reimbursements	<u>1,415</u>
	<u>\$ 13,415</u>

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Schedule of Compensation Paid to Board Members

For the Year Ended December 31, 2023

(See Independent Accountants' Review Report)

<u>Board Member</u>	<u>Amount</u>
Tim Asher	\$ 1,650
Carolyn Cavaliere	3,000
Emile Henriquez	2,625
Michail Armolie	<u>1,425</u>
	\$ <u><u>8,700</u></u>

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Schedule of Findings and Management Corrective Action Plan

For the Year Ended December 31, 2023

Finding 2023-1:

Criteria:

In accordance with Louisiana Revised Statute 39:1311 (the local government budget act), the adopted and duly authorized adopted amendments shall monitor revenues and control expenditures. Total revenue and other sources plus projected revenue and other sources failing to meet total budgeted revenues and other sources by five percent or more, and total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

Condition & Cause:

The District's actual expenditures exceeded the budgeted expenditures. While the District did amend the budget in the current year, the actual expenditures exceeded the amended budgeted expenditures by more than 5%.

Effect:

The District was not in compliance with the local government budget act.

Recommendation:

We recommend the District monitor the actual expenditures to the budgeted expenditures monthly and include all relevant expenditures and to amend the budget as needed.

Management Corrective Action:

Management will monitor the actual expenditures to the budget monthly and will amend as needed.

DRAINAGE DISTRICT NO. 4 OF ST. TAMMANY PARISH

Status of Prior Year Findings

For the Year Ended December 31, 2023

Not Applicable



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' Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) agreed-upon procedures applicable to review attestations (AUPs) for the fiscal period January 1, 2023 through December 31, 2023. Drainage District No.4 of St. Tammany Parish's management is responsible for those C/C areas identified in the AUPs.

Drainage District No.4 of St. Tammany Parish (the District) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's AUPs for the fiscal January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Public Bid Law

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

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

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

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

Code of Ethics for Public Officials and Public Employees

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

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

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

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

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

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

Budgeting

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

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

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

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

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

actual expenditures to determine if actual expenditures exceed budgeted amounts by 10% or more per category or 5% or more in total.

Finding: Actual expenditures exceeded budgeted expenditures by \$28,403, or 15.8%.

Corrective Action: We recommend the District adjust the budget as needed.

Accounting and Reporting

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

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

Meetings

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

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

Debt

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

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

Advances and Bonuses

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

Finding: Procedure performed without exception.

Corrective Action: Not applicable.

Prior-Year Comments

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

Finding: Not applicable. No prior year comments.

Corrective Action: Not applicable.

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

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

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the AUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Griffin & Furman, LLC

April 1, 2024

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

_____ (Date Transmitted)

_____ (CPA Firm Name)

_____ (CPA Firm Address)

_____ (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of February 7, 2024 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

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

Yes No N/A

Code of Ethics for Public Officials and Public Employees

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

Yes No N/A

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

Yes No N/A

Budgeting

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

Yes No N/A

Accounting and Reporting

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

Yes No N/A

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

Yes No N/A

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

Yes No N/A

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

Yes No N/A

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

Yes No N/A

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

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

Meetings

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

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

Debt

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

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

Advances and Bonuses

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

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

Prior-Year Comments

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

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

General

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Yes No N/A

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

Yes No N/A

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

_____ Secretary _____ Date

_____ Treasurer _____ Date

 _____ President 3/19/2024 Date