

**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA**

**Financial Report  
As of and for the Year Ended  
June 30, 2019**

**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
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**FINANCIAL SECTION**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Amite River Basin Drainage and  
Water Conservation District  
Baton Rouge, Louisiana

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Amite River Basin Drainage and Water Conservation District (the District), a related organization of the State of Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**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.

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Amite River Basin Drainage and Water Conservation District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6-16, budgetary comparison information on page 52, schedule of employer's net pension liability on page 53, and schedule of employer's share of total collective OPEB liability on page 57 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements.

I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Per Diem Paid to Commission Members and Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer on pages 59 and 60 are presented for purposes of additional analysis and are not part of the basic financial statements.

The Schedule of Per Diem Paid to Commission Members and Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated September 16, 2019,

on my consideration of the Amite River Basin Drainage and Water Conservation District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Amite River Basin Drainage and Water Conservation District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "John L. McKowen, CPA". The signature is written in a cursive, flowing style.

John L. McKowen, CPA

Baton Rouge, Louisiana  
September 16, 2019

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(PART 1 OF 2)**

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**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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The purpose of this section is to offer management's discussion and analysis of the Amite River Basin Drainage and Water Conservation District of the State of Louisiana's (hereafter referred to as the District) financial performance through June 30, 2019. It should be read in conjunction with the financial report taken as a whole. The District was created by Act of Legislature in 1981 for the purpose of addressing regional flooding problems in the Amite River Basin.

**Highlights of the District as a Whole**

- **History**

The Amite River and its tributary the Comite River are the major causes of catastrophic flooding in the Baton Rouge Metropolitan Area. The original flood of record occurred in 1983 when a substantial portion of East Baton Rouge, Livingston and Ascension Parishes were inundated. This precipitated an interest and action on the part of federal, state and local authorities to find solutions to this problem. It was recognized that major floods caused by the Amite and Comite Rivers could not be solved locally and that it required a basin wide/regional solution. This resulted in a series of studies by the U.S. Army Corps of Engineers (USACE) under the congressionally approved Amite River & Tributaries Study Authority, and the Comite River Diversion Canal Project evolved through this process.

- **Scope**

One project evolved through this planning process and was authorized for construction by Congress. The authorized Project provided for the construction of a 12-mile-long diversion channel from the Comite River to the Mississippi River located between the Cities of Baker and Zachary.

- **Purpose**

The purpose of the Comite River Diversion Canal Project is to divert flood waters from the Upper Comite River to the Mississippi River. At its maximum capacity the project will divert 20,000 cubic feet per second by gravity flow. This represents approximately 50% of the flood waters from the upper Comite River, substantially reducing flood stages along the lower Comite and Amite River.

- **Sponsors**

Federal: US Army Corps of Engineers (USACE)  
Non-Federal: State: Louisiana Department of Transportation & Development (DOTD)  
Local: Amite River Basin Drainage and Water Conservation District  
(THE DISTRICT) and City/Parish of East Baton Rouge

The sponsors entered into a Project Cooperation Agreement ("PCA") in October of 2001. Initially, DOTD was responsible for the acquisition of all Lands, Easements, Right of way, Relocations and Disposal Areas ("LERRD's"). In addition, the non-federal sponsor is responsible to fund 5% of

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the total construction costs of the Project. East Baton Rouge Parish is responsible for the maintenance of the Canal once it is completed. The District, as a member of the Project Coordinating Team, participates in the Project management and is also responsible for development of floodplain management and reporting to the citizens concerning this issue.

On September 18, 2012, DOTD and the District entered into a Second Amended Cooperative Endeavor Agreement. The Second Amended CEA establishes the terms and responsibilities through which LA DOTD and the District shall acquire all LERRDs, as may be determined by Government to be necessary for construction, operation and maintenance of the Project, as directed by the PCA. The District shall contract and retain a professional services contract through a Request for Qualifications to perform certain services including Right of Entry, GIS Mapping, Surveys, Title Take Off, Title Reports, Title Updates, Title Opinions and/or Title Policies, Appraisals, Appraisal Reviews, and Right of Way Acquisitions and Relocations. It will be a joint responsibility of DOTD and the District to fulfill the LERRDs requirements of the Project in accordance with USACE standards and procedures. Based upon present funds available, DOTD and the District shall each be liable for its obligation under this Agreement for 50% of LERRDs. Said percentage will be re-evaluated each fiscal year based upon available funds. Each party shall be responsible for their own administrative costs.

On November 3, 2014, DOTD and the District entered into a Third Amended Cooperative Endeavor Agreement. The Third Amended CEA limits the District's responsibilities for the Project. It also mandates that the District reimburse DOTD for 50% of the cost of all activities to acquire LERRDS. The amended CEA transfers responsibility from the District to DOTD for certain services including Right-of-Entry, Mapping, Surveys, Title Take-Off, Title Reports, Title Updates, obtainment of Appraisal Reports and Appraisal Reviews, Negotiations with all property owners, and Relocations.

On February 15, 2019, the partners entered into Amendment Number 2 to the PCA. The enactment of the Bipartisan Budget Act of 2018 Public Law 115-123, enacted February 9, 2018 (hereinafter "BBA 2018") necessitated an amendment to the Agreement previously entered into between the partners. Notwithstanding Section 103 of the Water Resources Development Act of 1986, as amended (33 U.S.C. 2213) and Section 371 of the Water Resources Development Act of 1999, which specify the cost-sharing requirements applicable to the Project, BBA 2018 authorizes the Government to complete construction of the Project at full Federal expense to the extent that appropriations provided under the Construction heading of the BBA 2018 are available and used for such purpose. Thus, Amendment Number 2 to the PCA allows for completion of the Project at full federal expense to the extent Fiscal Year 2018 Supplemental funds are used. Amendment Number 2 to the PCA also requires a \$10 million contribution by the non-federal sponsors for the Project;

- **Project Cost:**

In 2000, the total project cost estimate was \$152,000,000. The present total cost estimate according to the USACE is in excess of \$353,000,000. The non-federal sponsors must acquire all property and relocate all utilities necessary for the USACE to construct the Canal.

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- **Source of Funds:**

Federal: US Army Corps of Engineers (USACE).

The Bipartisan Budget Act of 2018, Public Law 115-123, enacted February 9, 2018 (hereinafter “BBA 2018”), authorizes the Government to complete construction of the Project at full Federal expense to the extent that appropriations provided under the Construction heading of the BBA 2018 are available and used for such purpose. Funding will be dependent upon available federal funds. The non-federal sponsors, DOTD and the District, will remain responsible for funding the costs to acquire all lands, easements, rights-of-way, relocations and disposal areas, and other pre-construction costs. (LERRD’s) If specific federal guidelines are followed, the non-federal sponsors are to be reimbursed from federal funds for these costs.

Non-Federal Funds:

The non-federal sponsors for construction of the project are the DOTD and the District. The City-Parish will be responsible for the operation and maintenance of the canal. In July of 2000 the citizens of the Taxing District approved a 10-year, 3 mill Ad-Valorem tax to provide for a portion of the non-federal match. In October of 2010 the citizens of the Taxing District voted to renew a 10 year, 2.65 mills drainage tax for the purpose of providing revenues to carry out the District's local share of the Comite Diversion Canal Project. The estimated revenue from the present millage is \$2.4 million a year. Over the history of the Project, there has been limited funding through Capital Outlay bill by legislative appropriations.

- **Construction Progress to Date**

Construction of the Lilly Bayou Control Structure and the 1-mile pilot channel has been completed. This is the largest structure of the project. This structure was constructed by the Corps of Engineers. The total costs were in excess of \$30 million. No additional construction by the Corps of Engineers has taken place since Lilly Bayou was completed in 2011. In an effort to move the Project forward, the non-federal sponsors in 2011 terminated their agreement with the USACE to acquire all of the property for the Project. At the time of the termination of this agreement, the USACE had only acquired 75 acres for mitigation. Since 2012, the non-federal sponsors took on the responsibility of acquiring property for the Project. In the absence of the USACE providing taking lines for the Project, DOTD and ARBC agreed to attempt to purchase 17 tracts of land designated as “Advance Acquisitions.” These tracts were without authorization to purchase from the USACE and were therefore considered “at risk” acquisitions. Unable to use expropriation, the non-federal sponsors were able to acquire only 13 of the 17 advanced acquisition properties.

In 2018, the USACE agreed to proceed with construction activities on Highway 61. This includes construction of a four-lane highway bridge and railroad bridge. Utility relocation is underway at this time. ARBC contributed \$10 million to the DOTD for the cost-shared utility relocations of US Highway 61. According to the USACE, construction should begin in early 2019. The construction of all other elements of the Project will be constructed under DOTD supervision, which includes highway bridges at La. 964, La. 19, La 67, and McHugh Road. According to USACE, the tentative completion of all aspects of the Project will be April 2021.

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- **Mitigation**

On October 1, 2001, a Project Cooperative Agreement (PCA) was signed between the sponsors to begin the construction of the Project. Under the PCA, DOTD, as the non-federal participant, is obligated to fund the purchase of all lands necessary for the construction of the canal including all mitigation lands. In 2002, USACE, the District and DOTD entered into an agreement to have the District hold title to the property rather than DOTD. This was done due to statutory limitations of DOTD to acquire property in its name for the canal. This agreement was signed between DOTD and the District, whereby the District has taken on the responsibility of acquiring all canal and mitigation lands. The ability of THE DISTRICT to purchase mitigation land is restricted to only those lands as defined within the area designated in the Environmental Assessment. The original Environmental Assessment report determined that approximately 1770 acres must be purchased out of a defined possible mitigation area of 2400 acres set forth in the report.

During the 2010 Regular Louisiana Legislative Session, Act 734 was passed. Act 734 prohibits the District's use of expropriation of private property for the purpose of compensatory mitigation of wetlands or other natural habitat, and thereby restricts the ability of the District to acquire property for mitigation. The District has contacted all property owners in the designated mitigation area to determine the universe of possible willing sellers. As of March 12, 2012, only 66 property owners representing 586 acres had responded to the District's letters.

The District proposed a legislative amendment, which was passed, which now allows expropriation for mitigation where at least seventy-five percent of the owners have voluntarily offered the property, or property where the record or apparent owner has voluntarily offered the property but does not have clear title. La. R.S. 49: 214.6.3.

The District worked actively to acquire mitigation property along the Comite River and the McHugh Swamp area, and Profit Island. Letters of interest have been sent to all property owners in the McHugh Swamp area.

In 2015, DOTD and the District purchased and the USACE acquired 218.47 Annual Average Habitat Units (AAHUs) for mitigation purposes for approximately \$8,289,130.00. ARBC paid one-half of the costs for the mitigation credits. These AAHUs satisfy the requirements for the construction of Lilly Bayou and the US Hwy 61 and KCS Bridge features.

- **Pending Matters**

Utility and railroad relocations along US HWY 61 and pipeline permitting are in the works. USACE is working on an agreement with Kansas City Southern Railway Company in connection with the construction for the relocation of its railroad tracks to a railroad bridge. The District is working on an agreement with Kansas City Southern Railway Company for the maintenance of the substructure of the railroad bridge. The current railroad tracks are located on Tract 102, which property is owned by the District and which is burdened with a right of way in favor of Kansas City Southern

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Railway Company. The new railroad bridge will be constructed by USACE. As of this date no final determination has been made concerning the maintenance of the railroad bridge.

Amendment Number Two to the Project Cooperation Agreement (PCA) was executed between the partners on February 15, 2019. This new agreement outlines the responsibilities of the parties other than the construction that will be done at Highway 61, railroad bridge and utility relocations. The Highway 61 construction activities will be governed by the previously executed Project Coordination Agreement (PCA).

On November 20, 2018, the USACE provided the non-federal sponsors with “final taking lines.” Upon receiving the final taking lines, the non-federal sponsors are proceeding to acquire all remaining property for the canal.

- **Activities of the Commission**

1. In 2010 DOTD and the District canceled the agreement with USACE. (Originally, USACE contracted to perform all of the functions of acquisition of property on behalf of DOTD.)

2. The District agrees to take on the responsibility to acquire property for canal and mitigation. DOTD and the District amended the CEA to reflect this additional role modification.

3. The District entered into contract with BKI, Commerce Title and GCR to facilitate the acquisition of property for the canal.

4. The District met with the congressional delegation and USACE HQ staff to discuss a new environmental assessment and resumption of construction.

5. The District secured Senator Vitter’s support for a new EA for the mitigation areas. Thus, USACE conducted the new EA.

6. The District and its contractors secured Right of Entry (ROE) from all property owners in the new EA mitigation sites.

7. The District and its contractors assisted USACE in obtaining information on property owners and possible mitigation sites.

8. The District staff and contractor participated in PDT meetings with the USACE to discuss progress of all issues.

9. DOTD contracted to assist in the acquisition of property. DOTD identified 17 properties that could be acquired in advance of final taking lines.

10. At the time of the termination of the DOTD agreement with the USACE, several properties were ready for purchase. The District acquired Tracts 479, 473 & 476 in the name of the District.

11. The District and its contractors continue identifying additional possible mitigation sites.

12. The District counsel sought modification of Act 734, 2010 regular session. The Legislature amended the law to allow the use of expropriation from willing sellers when the property is subject to title issues or missing heirs.

13. The District issued bids for a hunting lease and awarded the hunting lease for Lilly Bayou Drop Structure property.

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14. The District's counsel obtained legislative approval for the issuance of rules to allow for the formal expropriation and/or acquisition of property.

15. The District secured permanent access to the Lilly Bayou Drop Structure from Irene Road.

16. Because of the extensive amount of property now owned by the District, a ground maintenance program was developed, and a contract for grass cutting landscape maintenance was executed.

17. The District executed a contract for the purchase of borrow and fill material located at the Lilly Bayou Borrow Site.

18. The District obtained an extension of the crossing agreement with KCS Crossing in order to access the Lily Bayou site.

19. USACE has continued to provide engineering services for the Brooks Lake Closure for possible construction. USACE provides engineering service for the Highway 61 bridge and railroad bridge.

20. The District and DOTD have acquired Tracts 1, 5, 7, 8, 9, 10, 14, 15, 16, 17, 42, 44, and 46 through the advance acquisition program. These properties will be necessary for the construction of Phase 1 of the project.

21. The District and DOTD have also acquired tracts 100, 105, 121, 122, 201, 317, 467, 468, 468, 477, 478.

22. The District and DOTD purchased 218.47 Annual Average Habitat Units (AAHUs) for mitigation purposes.

23. The District purchased Tracts Number 44, Tract No. 46, Tract 42, M3-115, M3-80, Tract 39 and 41.

24. The District succeeded in placing the Project back into the Capital Outlay Program for FY 2016-17.

25. The District purchased Parcels 1 and 3 of Advanced Acquisition Tract 18.

26. The District submitted a request to the Congressional Delegation for funding to complete the Comite River Diversion Project, State Project No. H.007811

27. The District conducted a technical workshop at LSU to discuss developing a hydrological model for the Basin.

28. The District issued bids for hunting and/or grazing leases and awarded the leases for Tract M3-80, Tract 41, and Tract M3-115.

29. The District renewed hunting leases for Tracts 46, 100, 101, 105, 121, 121-2, 122.

30. The District issued bids for hunting and/or grazing leases and awarded the leases for Tract 39.

31. The District has executed instruments in furtherance of executing right-of-way and servitude agreements with various utilities.

32. The District has entered into a Cooperative Endeavor Agreement with the City of Baton Rouge and Parish of East Baton Rouge concerning the sale of borrow and fill material located on the District's property.

33. The District has coordinated and is working with a team of local experts to develop an Online High Fidelity Inundation Map for the August 2016 Flood.

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34. The District has entered into a Local Service Agreement with the City of Baton Rouge and the Parish of East Baton Rouge and the City of Central to improve various infrastructure within the Parish of East Baton Rouge and within the City of Central for drainage and flood control.

35. The District had structures demolished and removed that were located along Carney Road, Old Baker-Zachary Road, and Lower Zachary Road in preparation for construction of the Comite River Diversion Canal.

36. The District is in discussions with Kansas City Southern Railway Company for the maintenance of the substructure of the railroad bridge. No final determination has been made concerning this agreement.

**Overview of the Financial Statement Presentation.** These financial statements are comprised of three components – (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. There is also other supplemental information contained in this report provided for additional information.

**Government-wide Financial Statements.** The government-wide financial statements present financial information for all activities of the District from an economic resource measurement focus using the accrual basis of accounting. These provide both short-term and long-term information about the District's overall financial status. They include a statement of net assets and statement of activities.

*Statement of Net Position.* This statement presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows and liabilities and deferred inflows is net position, which may provide a useful indicator of whether the financial position of the District is improving or not.

*Statement of Activities.* This statement 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. This statement is designed to show the District's financial reliance on general revenues.

The government-wide financial statements can be found on pages 18-19 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one category of funds: governmental funds.

*Governmental Funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements except that the focus with fund statements is to provide a distinct view of the District's governmental funds only. These statements report short-term fiscal accountability emphasizing the use of spendable resources during the year and balances of spendable resources available at the end of the year.

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Because the view of governmental funds is short-term and the view of the government-wide financial statements is long-term, it is useful to compare these two perspectives. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provides reconciliation to the government-wide statements to assist in understanding the differences between the two viewpoints.

Governmental funds of the District include a general fund, and a capital projects fund. The fund financial statements begin on page 21.

Budgetary comparison schedules are included for governmental funds under required supplemental information – part 2 of 2. These schedules indicate the District's compliance with its adopted and final revised budgets and appears on page 52. Also included in this section are the schedules of the employer's share of net pension liability and total collective OPEB liability on pages 53-57.

**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 index of the notes is found on page 26 with the actual notes beginning immediately afterwards.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other information that is deemed useful to readers of this report.



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**Financial Analysis of the District**

Net assets are an indicator of the District's financial position from year to year. A summary of net assets follows:

**STATEMENT OF NET POSITION  
Governmental Activities**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current assets	\$ 987,137	\$ 942,172
Restricted assets	5,716,795	13,443,289
Capital assets, net	34,270,078	24,129,038
Total Assets	<u>40,974,010</u>	<u>38,514,499</u>
 <b>Deferred Outflows of Resources</b>	 74,698	 92,518
 <b>Liabilities</b>		
Current liabilities	25,284	23,728
Long-term liabilities	691,944	718,631
Total Liabilities	<u>717,228</u>	<u>742,359</u>
 <b>Deferred Inflows of Resources</b>	 22,080	 20,403
 <b>Net Assets</b>		
Invested in capital assets, net of related debt	34,270,078	24,129,038
Restricted	5,716,795	13,715,217
Unrestricted	322,527	-
Total Net Assets	<u>40,309,400</u>	<u>37,844,255</u>

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A summary of changes in net assets is as follows:

**SUMMARY OF CHANGES IN NET POSITION  
Governmental Activities**

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Capital grants/contributions	\$ -	\$ 1,282,329
Charges for services	23,389	23,786
General revenues:		
Property taxes	2,869,186	2,835,435
Interest earnings	78,940	146,962
Other	1,020	1,811
Total Revenues	<u>2,972,535</u>	<u>4,290,323</u>
<b>Expenses</b>		
General government	<u>507,390</u>	<u>545,875</u>
Change in net assets	2,465,145	3,744,448
Net assets, beginning as restated	<u>37,844,255</u>	<u>34,099,807</u>
Net assets, ending	<u><u>40,309,400</u></u>	<u><u>37,844,255</u></u>

**Budgetary Highlights**

Revenues and transfers from other funds were \$24,332 less than budgeted. Expenses were less than anticipated by \$69,172. The net result was a favorable change in General Fund balances of \$44,840.

**Capital Asset and Debt Administration**

*Capital Assets:* The District's investment in capital assets, net of accumulated depreciation, at June 30, 2019 and 2018, was \$34,270,078 and \$24,129,038, respectively. This amount represents a net increase (including additions and deductions) of \$10,141,040, or 42% over last year.

**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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Capital assets at year-end are summarized as follows:

<b>CAPITAL ASSETS</b>		
<b>Net of Accumulated Depreciation</b>		
<b>Governmental Activities</b>		
	<u>2019</u>	<u>2018</u>
<b>Depreciable Assets</b>		
Furniture/equipment	\$ 1,119	\$ 1,899
Canals and drainage	34,268,959	24,127,139
Total	34,270,078	24,129,038

*Long-Term Debt:* Long-term debt of the District includes compensated absences at amounts of \$6,212 and \$6,560 at June 30, 2019 and 2018, respectively. There is an unfunded liability for post-employment benefits based on actuarially determined amounts in accordance with GASB No. 75, in the amount of \$144,571 and \$141,433 at June 30, 2019 and 2018, respectively. Finally, the Commission has recognized a net pension liability of \$541,161 and \$570,638, at June 30, 2019 and 2018, respectively in accordance with GASB Statement No. 68.

**Economic Environment and Next Year's Budget**

We expect to receive adequate appropriations from the State (Capital Outlay) and federal government to continue construction.

The cost of the project has increased substantially since its inception in year 2001. Furthermore, land values in the vicinity of Zachary, where the proposed canal is located, have also increased substantially. This places further financial burden on the non-federal match because it is the responsibility of the non-federal sponsors, the Amite River Basin Commission and Louisiana Department of Transportation and Development, to provide the funding for land acquisitions. As a consequence of this cost increase the Amite River Basin Commission authorized the renewal of a 2.65 mills, 10-year ad valorem tax that was approved by the voters of the District on October 2, 2010.

**Request for Information**

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Dietmar Rietschier, Executive Director, at 3535 South Sherwood Forest Boulevard, Suite 135, Baton Rouge, Louisiana 70816-2255, 225-296-4900.

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

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**ASSETS**

Current Assets

Cash and cash equivalents	\$	984,074
Accounts Receivable		-
Prepaid expenses		3,063
Total Current Assets		987,137

Restricted Assets

Cash and cash equivalents/capital projects		5,679,333
Taxes receivable, net		37,462
Total Restricted Assets		5,716,795

Non-Current Assets

Capital assets, net of accumulated depreciation:		
Furniture and equipment		1,119
Canals and drainage		34,268,959
Total Non-Current Assets		34,270,078
Total Assets		40,974,010

**DEFERRED OUTFLOWS OF RESOURCES**

74,698

**LIABILITIES**

Current Liabilities

Accounts payable		13,652
Accrued salaries and payroll liabilities		11,632
Total Current Liabilities		25,284

Non-Current Liabilities

Compensated absences payable		6,212
Other post-employment benefits plan payable		144,571
Net pension liability		541,161
Total Non-Current Liabilities		691,944
Total Liabilities		717,228

**DEFERRED INFLOWS OF RESOURCES**

22,080

**NET POSITION**

Invested in capital assets, net of related debt		34,270,078
Restricted for capital projects		5,716,795
Unrestricted		322,527
Total Net Position	\$	40,309,400

The accompanying notes are an integral part of these statements.



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**FUND FINANCIAL STATEMENTS**

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**AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Total Govern- mental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 984,074	\$ -	\$ 984,074
Accounts Receivable	-	-	-
Prepaid expenses	129	2,934	3,063
Restricted assets:			
Cash and cash equivalents	-	5,679,333	5,679,333
Taxes receivable	-	37,462	37,462
<b>TOTAL ASSETS</b>	<b>\$ 984,203</b>	<b>\$ 5,719,729</b>	<b>\$ 6,703,932</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	\$ 6,597	\$ 7,055	\$ 13,652
Accrued salaries and payroll liabilities	11,632	-	11,632
Liabilities payable from restricted assets:	-	-	-
<b>Total Liabilities</b>	<b>\$ 18,229</b>	<b>\$ 7,055</b>	<b>\$ 25,284</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ -</b>	<b>\$ 22,300</b>	<b>\$ 22,300</b>
<b>FUND BALANCES</b>			
Nonspendable	\$ 129	\$ 2,934	\$ 3,063
Committed	209,631	5,687,440	5,897,071
Unassigned	756,214	-	756,214
<b>Total Fund Balances</b>	<b>965,974</b>	<b>5,690,374</b>	<b>6,656,348</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 984,203</b>	<b>\$ 5,719,729</b>	<b>\$ 6,703,932</b>

The accompanying notes are an integral part of these statements.



**AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEETS  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2019**

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Total Fund Balances - Total Governmental Funds \$ 6,656,348

Amounts reported for governmental activities in the  
Statements of Net Assets are different because:

Some revenues were collected more than sixty days after year  
end and, therefore, were not available to pay for current  
period expenditures in the governmental funds. 22,300

Deferred outflows of resources used in governmental  
activities are not financial resources and therefore are not  
reported in these funds. This is the reported amount of  
deferred outflows of resources. 74,698

Capital assets used in governmental activities are not  
financial resources and, therefore, are not reported in  
these funds. This is the reported amount of capital assets  
net of accumulated depreciation. 34,270,078

Long-term liabilities are not due and payable in the current  
period and, therefore, are not reported in these funds. Long-  
term liabilities include the following:

Compensated absences	(6,212)
Other post-employment benefits plan	(144,571)
Net pension liability	(541,161)

Deferred inflows of resources are not due and payable in the  
current period and, therefore, are not reported in these funds (22,080)

Total Net Position - Governmental Activities \$ 40,309,400

**AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT  
BATON ROUGE LOUISIANA  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Total Govern- mental Funds</u>
<b>REVENUES</b>			
Property taxes	\$ -	\$ 2,900,546	\$ 2,900,546
Capital grants and contributions	-	-	-
Charges for services	-	23,389	23,389
Investment earnings	15,698	63,242	78,940
Other	-	1,020	1,020
Total Revenues	15,698	2,988,197	3,003,895
<b>EXPENDITURES</b>			
General government	316,978	197,042	514,020
Capital outlay	-	10,141,820	10,141,820
Total Expenditures	316,978	10,338,862	10,655,840
Excess (Deficiency) of Revenues over Expenditures	\$ (301,280)	\$ (7,350,665)	\$ (7,651,945)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	\$ 346,120	\$ -	\$ 346,120
Transfers to other funds	-	(346,120)	(346,120)
Total Other Financing Sources (Uses)	346,120	(346,120)	-
Net Change in Fund Balances	44,840	(7,696,785)	(7,651,945)
Fund balances, beginning	921,134	13,387,159	14,308,293
Fund balances, ending	\$ 965,974	\$ 5,690,374	\$ 6,656,348

The accompanying notes are an integral part of these statements.

**AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENTS  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENTS OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

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Net Change in Fund Balances - Total Governmental Funds \$ (7,651,945)

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

Some revenues were collected more than sixty days after year end and, therefore, were not available to pay for current period expenditures in the governmental funds. This is the decrease in unearned revenues. (31,140)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 10,141,040

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net change in:

Compensated absences	348
OPEB liability and related deferred inflows/outflows	(2,451)
Net pension liability and related deferred inflows/outflows	9,293
	9,293

Change in Net Position - Governmental Activities \$ 2,465,145

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**NOTES TO FINANCIAL STATEMENTS**

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**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
INDEX TO NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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INTRODUCTION

The Amite River Basin Drainage and Water Conservation District is a related organization of the State of Louisiana as provided by Louisiana Revised Statute 38:3301-3309. The District serves as a multi-parish authority to accomplish flood control measures, facilitate cooperation between federal, state and local governing bodies to foster floodplain management, maintain and operate structures built under the auspices of the Amite River Basin Commission and coordinate river management within the basin. It is charged with the responsibility to establish adequate drainage, flood control and water development including, but not limited to, construction of reservoirs, diversion canals, gravity and pumped drainage systems and other flood control works. The basin includes all territory within the watershed limits of the Amite River and tributaries covering areas within the parishes of East Baton Rouge, St. Helena, East Feliciana, Livingston and those portions east of U.S. Highway 61 in Ascension and St. James Parishes.

The District is managed by a Board of Commissioners composed of 13 members that are appointed by the Governor of the State of Louisiana and serve terms concurrent with that of the Governor. Domiciled in Baton Rouge, the District is advised by the Louisiana Department of Transportation and Development. Commissioners, as authorized by Louisiana Revised Statute 38:3304, receive a per diem to attend meetings or conduct board-approved business not to exceed the amount specified in 26 U.S.C. 162(h)(1)(B)(ii), currently \$100 per day.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the Amite River Basin Drainage and Water Conservation District conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:** As required by GASB Statement No. 61, *The Financial Reporting Entity – an amendment of GASB Statements No.14 and No. 34*, the District is considered a related organization of the State of Louisiana. The accompanying financial statements present only the transactions of the Amite River Basin Drainage and Water Conservation District.

**Government-wide Accounting:** In accordance with Government Accounting Standards Boards Statement No. 34, the District has presented a statement of net position and statement of activities for the District as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-

**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
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wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

*Eliminating Internal Activity*

Interfund receivables and payable are eliminated in the statement of net position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses, from one function to another or within the same function, is eliminated in the statement of activities. Allocated expenses are reported by the function to which they were allocated.

*Capitalizing Assets*

Capital assets are recorded at their historical cost, or estimated historical cost for assets where actual cost is not available and depreciated over their estimated useful lives. Infrastructure assets such as canals and bridges are also capitalized along with interest on debt incurred during construction. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. 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 not capitalized. Straight-line depreciation is used based on the following estimated useful lives:

Furniture and equipment	5-10 years
Vehicles	5-10 years
Buildings and improvements	40 years

*Program Revenues*

The Statement of Activities presents three categories of program revenues – (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the District. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are reserved for a specific use.

*Indirect Expenses*

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect

**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the District has chosen not to do so.

*Operating/Non-Operating Revenues*

Proprietary funds separately report operating and non-operating revenues.

*Reserved Net position*

Reserved net position is that for which a constraint has been imposed either externally or by law. The District recognized the use of reserved resources for expenditures that comply with the specific restrictions. Reserved resources are exhausted before unreserved net position is used.

**Fund Types and Major Funds:** The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts. Funds of the District are classified under one category: Governmental. This category, in turn, is divided into separate fund types. The District has two fund types: General and Capital Projects.

Governmental Funds: Governmental funds account for all or most of the District's general activities, including the collection and disbursement of specific or legally reserved monies, and the acquisition or construction of general fixed assets. Governmental funds include:

1. General – accounts for all activities not required to be reported in another fund;
2. Capital projects – accounts for the flow of resourced related to the construction, acquisition, or renovation of capital assets.

**Basis of Accounting/Measurement Focus:** In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles and are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy.

The type of financial statement presentation determines the accounting and financial reporting treatment applied to a fund. The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental and business-type activities are



**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
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included in the statement of net position. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the statement of activities. In these statements, capital assets are reported and depreciated in each fund, and long-term debt is reported.

The fund statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Revenues are considered available if they are collected within 60 days of the end of the current fiscal period. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated. Principle and interest paid on long-term debt is reported as current expenses.

**Budgets and Budgetary Accounting:** The District adopts an annual budget for all of its funds, prepared in accordance with the basis of accounting utilized by that fund. The Board must approve any revisions that alter the total expenditures. Budgeted amounts shown are as originally adopted and as amended by the Board. Budget amendments are passed on an as-needed basis. A balanced budget is required.

The budget is submitted to the State of Louisiana as prescribed by Louisiana Revised Statute 36:803 and submitted to the Legislature in accordance with 39:1331-1342. Although budget amounts lapse at year-end, the District retains its unexpended fund balances to fund expenditures of the succeeding year.

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

**Investments:** Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings.

**Inventory:** Inventory of the District includes only office supplies, the amount of which is considered immaterial. Therefore, the acquisition of such items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
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JUNE 30, 2019**

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**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Restricted Assets:** Certain proceeds of the District, primarily property taxes, are classified as restricted assets on the balance sheet because their use is limited.

**Long-Term Obligations:** In the government-wide financial statements, debt principal payments of government activities are reported as decreases in the balance of the liability on the statement of net position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

**Net Position/Fund Balances:** In the statements of net position, the difference between a government's assets and liabilities is recorded as net position. The three components of net position are as follows:

*Invested in Capital Assets, Net of Related Debt*

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

*Restricted*

Balances reserved by external sources, such as banks or by law, are reported separately as restricted net position. When assets are required to be retained in perpetuity, this non-expendable net position is recorded separately from expendable net position. These are components of restricted net position.

*Unrestricted*

This category represents net position not appropriable for expenditures or legally segregated for a specific future use.

In the balance sheet of governmental funds, fund balances are segregated as follows:

*Nonspendable*

These resources are either inherently nonspendable because they are not cash, or legal or contractual provisions require that they be maintained intact. The District reports prepaid expenses as nonspendable.

*Restricted*

This category represents that portion of equity subject to externally enforceable legal restrictions.

**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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*Committed*

These resources are constrained by limitations that the government imposes upon itself at the highest level of decision making and that remain binding unless removed in the same manner. Fund balance committed to other post-employment benefits was \$209,631 and \$200,262 at June 30, 2019 and June 30, 2018, respectively. Fund balance committed to capital projects was \$5,687,440 and \$13,382,165 at June 30, 2019 and June 30, 2018, respectively.

*Assigned*

This category represents the government's intended use of resources.

*Unassigned*

These resources represent the excess of what is properly categorized in each of the above four categories.

**Interfund Transactions:** All interfund transactions except quasi-external transactions are reported as operating transfers. These are eliminated in the government-wide statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned 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. 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.

With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The Board does not have any deposits that fall within that category. The collected bank balances at June 30, 2019 and 2018 were \$3,662,784 and \$3,869,038, respectively. Deposits of the District are secured with \$250,000 of insurance through FDIC and pledged collateral.

**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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The following is a summary of cash and cash equivalents (book balances):

	<u>General Fund</u>		<u>Capital Projects Fund</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Petty cash	\$ 200	\$ 200	\$ -	\$ -
Interest-bearing demand deposits	354,354	321,594	3,293,175	3,550,340
LAMP	<u>629,520</u>	<u>615,174</u>	<u>2,386,158</u>	<u>9,824,753</u>
Total	<u>984,074</u>	<u>936,968</u>	<u>5,679,333</u>	<u>13,375,093</u>

In addition to bank deposits, the District had \$3,015,678 invested in LAMP as of June 30, 2019. LAMP is a local government investment pool administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. 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. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participant's shares, investments are valued at amortized cost. The fair value of the participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

**NOTE 3 – RESTRICTED ASSETS**

Restricted assets include cash, cash equivalents and taxes receivable totaling \$5,716,795 at June 30, 2019 and \$13,372,933 at June 30, 2018. These assets were accumulated for the construction of a diversion canal for the Comite River, thus restricting their use for that purpose.

**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**NOTE 4 – ACCOUNTS RECEIVABLE**

The following is a summary of accounts receivable:

Class of receivable	
Ad valorem taxes	<u>\$ 37,462</u>
Total	<u>\$ 37,462</u>

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019, was as follows:

Ending	Beginning			Balance
	Balance	Additions	Retirements	
Capital Assets, being depreciated				
Furniture and equipment	\$ 70,825	\$ -	\$ -	\$ 70,825
Less: accumulated depreciation	(68,927)	(779)	-	(69,706)
Net Furniture and Equipment	<u>1,898</u>	<u>(779)</u>	-	<u>1,119</u>
Canals and drainage in progress	24,127,139	10,141,820	-	34,268,959
Less: accumulated depreciation	-	-	-	-
Net Canals and Drainage	<u>24,127,139</u>	<u>10,141,820</u>	-	<u>34,268,959</u>
Net Capital Assets, being depreciated	<u>24,129,037</u>	<u>10,141,041</u>	-	<u>34,270,078</u>

**NOTE 6 – LEAVE**

*Annual and Sick Leave.* The District's employees earn and accumulate annual and sick leave at varying rates depending on their years of full-time service. Accumulated leave is carried forward to succeeding years without limitation. Upon termination, employees are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure when leave is actually taken in the fund financial statements. The cost of leave privileges not requiring current resources is recorded by governmental funds in long-term obligations.

**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
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Only annual leave is accrued in the accompanying statements of net position at \$6,212 and \$6,560 for June 30, 2019 and 2018, respectively.

*Compensatory Leave.* Non-exempt employees, according to the guidelines contained in the Fair Labors Standards Act, may be paid for compensatory leave earned. Upon termination or transfer, an employee is paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. This pay is based on the employee's hourly rate of pay at the time of termination or transfer. There was no compensatory leave time accrued at June 30, 2019 or 2018.

**NOTE 7 – PENSIONS**

**Summary of Significant Accounting Policies**

***Pensions***

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and additions to/deductions from LASERS' fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the Pension Plan**

***Plan Description***

Employees of the Amite River Basin Drainage and Water Conservation District are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at [www.lasersonline.org](http://www.lasersonline.org).

***Benefits Provided***

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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**Retirement Benefits**

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular

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members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service.

Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

#### **1. Deferred Retirement Benefits**

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.



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For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding that given date. The average rate so determined is to be reduced by a “contingency” adjustment of 0.5%, but not to below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

**2. Disability Benefits**

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

**3. Survivor's Benefits**

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

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Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation, and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, and children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

**4. Permanent Benefit Increases/Cost-of-Living Adjustments**

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

***Contributions***

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The rates in effect during the year ended June 30, 2019 for the various plans follow:

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Plan	Plan Status	Employee Rate	Employer Rate
Appellate Law Clerks	Closed	7.50%	37.90%
Appellate Law Clerks hired on or after 7/01/06	Open	8.00%	37.90%
Alcohol Tobacco Control	Closed	9.00%	32.70%
Bridge Police	Closed	8.50%	36.50%
Bridge Police hired on or after 7/01/06	Closed	8.50%	36.50%
Corrections Primary	Closed	9.00%	33.20%
Corrections Secondary	Closed	9.00%	37.60%
Harbor Police	Closed	9.00%	6.10%
Hazardous Duty	Open	9.50%	38.30%
Judges hired before 1/01/11	Closed	11.50%	40.10%
Judges hired after 12/31/10	Closed	13.00%	39.60%
Judges hired on or after 7/01/15	Open	13.00%	39.60%
Legislators	Closed	11.50%	41.70%
Optional Retirement Plan (ORP) before 7/01/06*	Closed	7.50%	33.80%
Optional Retirement Plan (ORP) on or after 7/01/06*	Closed	8.00%	33.80%
Peace Officers	Closed	9.00%	36.70%
Regular Employees hired before 7/01/06	Closed	7.50%	37.90%
Regular Employees hired on or after 7/01/06	Closed	8.00%	37.90%
Regular Employees hired on or after 1/01/11	Closed	8.00%	37.90%
Regular Employees hired on or after 7/01/15	Open	8.00%	37.90%
Special Legislative Employees	Closed	9.50%	43.70%
Wildlife Agents	Closed	9.50%	46.60%

\*For ORP the projected employer contribution effort was calculated using the shared UAL portion of the contribution rate.

The agency's contractually required composite contribution rate for the year ended June 30, 2018 was 37.9% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Agency were \$59,004 for the year ended June 30, 2019.

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**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, the Employer reported a liability of \$541,161 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Agency's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Agency's proportion was 0.00794% which was a decrease of 0.00017% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Agency recognized pension expense of \$44,180 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$4,527.

At June 30, 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (6,069)
Changes of assumptions	\$ 5,507	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 7,017	\$ -
Changes in proportion and differences between Employer contributions and proportionate share of contributions	\$ -	\$ (7,086)
Employer contributions subsequent to the measurement date	59,004	-
<b>Total</b>	<u>\$ 71,528</u>	<u>\$ (13,155)</u>

\$59,004 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension

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Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$	11,823
2021	\$	2,752
2022	\$	(13,225)
2023	\$	(1,981)

***Actuarial Assumptions***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

<b>Valuation Date</b>	June 30, 2018
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining Service Lives</b>	3 years
<b>Investment Rate of Return</b>	7.65% per annum, net of investment expenses*
<b>Inflation Rate</b>	2.75% per annum
<b>Mortality</b>	<b>Non-disabled members</b> - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015.  <b>Disabled members</b> – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
<b>Termination, Disability, and Retirement</b>	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.

## Salary Increases

Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.8%	12.8%
Judges	2.8%	5.3%
Corrections	3.4%	14.3%
Hazardous Duty	3.4%	14.3%
Wildlife	3.4%	14.3%

## Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

\*The investment rate of return used in the actuarial valuation for funding purposes was 8.05%, recognizing an additional 40 basis points for gain-sharing and 15 basis points to offset administrative expenses. The net return available to fund regular plan benefits is 7.83%, which is reasonably close to the 7.65% discount rate. Therefore, the 7.65% discount is considered reasonable.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.83% for 2018. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation<sup>1</sup></u>	<u>Long-Term Expected Real Rate of Return<sup>1</sup></u>
Cash	0%	-0.24%
Domestic Equity	25%	4.31%
International Equity	32%	5.35%
Domestic Fixed Income	8%	1.73%
International Fixed Income	6%	2.49%
Alternative Investments	22%	7.41%
Global Tactical Asset Allocation	7%	2.84%
	<u>100%</u>	<u>5.26%</u>

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***Discount Rate***

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the pension plan's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.70%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<b>1.0% Decrease (6.65%)</b>	<b>Current Discount Rate (7.65%)</b>	<b>1.0% Increase (8.65%)</b>
Employer's proportionate share of the net pension liability	\$ 682,981	\$ 541,161	\$ 419,019

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2018 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org).

***Payables to the Pension Plan***

At June 30, 2019, the District had no payables to LASERS for the June 2019 employee and employer legally-required contributions.

**NOTE 8 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Office of Group Benefits (OGB) administers the State of Louisiana Post-Retirement Benefits Plan – a defined-benefit, Multi-employer other post-employment benefit plan. The plan provides medical, prescription drug, and life insurance benefits to retirees, disabled retirees, and their eligible beneficiaries through premium subsidies. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they are enrolled in the OGB health plan

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immediately before the date of retirement and retire under one of the state sponsored retirement systems (Louisiana State Employees' Retirement System, Teachers' Retirement System of Louisiana, or Louisiana State Police Retirement System), or they retire from a participating employer that meets the qualifications in the Louisiana Administrative Code 32:3.303. Benefit provisions are established under R.S. 42:851 for health insurance benefits and R.S. 42:821 for life insurance benefits. The obligations of the plan members, employer(s), and other contributing entities to contribute to the plan are established or may be amended under the authority of R.S. 42:802.

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75. The plan is funded on a "pay-as-you-go" under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due.

Employer contributions are based on plan premiums and the employer contribution percentage. Premium amounts vary depending on the health plan selected and if the retired member has Medicare coverage. OGB offers retirees four self-insured healthcare plans and one fully insured plan. Effective January 1, 2019, retired employees who have Medicare Part A and B coverage also have access to six fully insured Medicare Advantage Plans.

The employer contribution percentage is based on the date of participation in an OGB plan and employee years of service at retirement. Employees who begin participation or rejoin the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65, who pay approximately 25% of the active employee cost.) For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer and retiree is based on the following schedule:

<u>OGB Participation</u>	<u>Employer Share</u>	<u>Retiree Share</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for individual retirees and spouses of retirees subject to maximum values. Employers pay approximately 50% of monthly premiums for individual retirees. The retiree is responsible for 100% of the premium for dependents. Effective January 1, 2018, the total monthly premium for retirees varies according to age group.



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***Total Collective OPEB Liability and Changes in Total Collective OPEB Liability***

At June 30, 2019, The District reported a liability of \$144,571 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2018, and was determined by an actuarial valuation as of that date.

The District's proportionate share percentage is based on the employer's individual OPEB actuarial accrued liability in relation to the total OPEB actuarial accrued liability for all participating entities included in the State of Louisiana reporting entity. As of July 1, 2018, the most recent measurement date, the District's proportionate share was 0.0017%, or an increase of 0.0001%.

The total collective OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial methods, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Cost Method – Entry Age Normal, level percentage of pay
- Estimated Remaining Service Lives – 4.5
- Inflation Rate – Consumer Price Index (CPI) 2.8%
- Salary Increase Rate – consistent with pension plan disclosed in note 7
- Discount rate – 2.98% based on June 29, 2018 Standard & Poor's 20-year municipal bond index rate
- Mortality Rates – based on RP-2014 Combined Healthy Mortality Table, or RP-2014 Disabled Retiree Mortality Table; both tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.
- Healthcare cost trends – 7% for pre-Medicare eligible employees grading down by .25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2029; 5.5% for post-Medicare eligible employees grading down by .25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2023-2024 and thereafter; the initial trend was developed using the National Health Care Trend Survey; the ultimate trend was developed using a building block approach which considers Consumer Price Index, Gross Domestic Product, and technology growth.

Changes of assumptions and other inputs from the prior valuation include the following:

- Decrease in discount rate from 3.13% to 2.98%.
- Baseline per capita costs were adjusted to reflect 2018 claims and enrollment, retiree contributions were updated based on 2019 premiums, and the impact of the High Cost Excise Tax was revisited, reflecting updated plan premiums.
- Updated the mortality assumptions using projection scale MP-2018 based on information released by the Society of Actuaries in October 2018.
- Percentage of future retirees assumed to elect medical coverage was adjusted based on recent plan experience.

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**Sensitivity of the proportionate share of the total collective OPEB liability to changes in the discount rate**

The following presents the District's proportionate share of the total collective OPEB liability using the current discount rate as well as what the District's proportionate share of the total collective OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	<b>1.0% Decrease (1.98%)</b>	<b>Current Discount Rate (2.98%)</b>	<b>1.0% Increase (3.98%)</b>
Proportionate Share of Total Collective OPEB Liability	\$ 164,643	\$ 144,571	\$ 128,058

**Sensitivity of the proportionate share of the total collective OPEB liability to changes in the healthcare cost trend rates**

The following presents the District's proportionate share of the total collective OPEB liability using the current healthcare cost trend rates as well as what the District's proportionate share of the total collective OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate:

	<b>1.0% Decrease (6%decreasing to 3.5%)</b>	<b>Current Discount Rate 7%decreasing to 4.5%)</b>	<b>1.0% Increase (8%decreasing to 5.5%)</b>
Proportionate Share of Total Collective OPEB Liability	\$ 129,192	\$ 144,571	\$ 163,117

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***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2019, the District recognized OPEB expense of \$2,451. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ (8,178)
Difference between benefit payments and proportionate share of benefit payments	\$ 2,423	\$ -
Total	<u>\$ 2,423</u>	<u>\$ (8,178)</u>

Deferred outflows of resources related to OPEB resulting from the District's benefit payments subsequent to the measurement date will be recognized as a reduction to the total collective liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year ended June 30:</u>	
2020	\$(1,877)
2021	(1,877)
2022	(1,461)
2023	(540)
Total	<u>\$(5,755)</u>

**NOTE 9 – LEASES**

*Operating Leases.* The District leases office space on an annual basis at \$1,756 a month or \$21,072 per year. A storage space is leased at \$138 a month or \$1,656 a year, and a copier is leased on a month-to-month basis from Xerox Corporation with a minimum lease payment of \$221 per month or \$2,654 annually.

*Capital Leases.* The District has no capital leases.

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**NOTE 10 – ACCOUNTS AND OTHER PAYABLES**

The following is a summary of payables at June 30, 2019:

<u>Class of Payables</u>	<u>General</u>	<u>Capital Projects</u>
Accounts	\$ 6,597	\$ 7,055
Salaries and payroll liabilities	11,632	-
Total	<u>18,229</u>	<u>7,055</u>

**NOTE 11 – LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated absences	6,560	-	(348)	6,212	-
Other post-employment benefits plan	141,433	3,138	-	144,571	-
Net pension liability	<u>570,638</u>	<u>-</u>	<u>(29,477)</u>	<u>541,161</u>	<u>-</u>
Total	<u>718,631</u>	<u>3,138</u>	<u>(29,825)</u>	<u>691,944</u>	<u>-</u>

**NOTE 12 – INTERFUND TRANSACTIONS**

Transfers among governmental funds were as follows during the current year:

	<u>General Fund</u>	<u>Capital Projects</u>
Transfers from other funds	\$ 346,120	\$ -
Transfers to other funds	<u>-</u>	<u>(346,120)</u>
Total Transfers	<u>346,120</u>	<u>(346,120)</u>

**NOTE 13 – RELATED PARTY TRANSACTIONS**

There are no related party transactions that require disclosure.

**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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NOTE 14 – CONTINGENT LIABILITIES

There are no contingent liabilities that require disclosure.

NOTE 15 – SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through September 16, 2019, the date that the financial statements were to be issued and has determined that there are no subsequent events that require recognition or disclosure through that date.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(PART 2 OF 2)**

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**AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2019**

	Budgeted		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<b>REVENUES</b>				
State appropriation	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	15,698	15,698
Total Revenues	-	-	15,698	15,698
<b>EXPENDITURES</b>				
Salaries and benefits	240,400	245,200	236,731	8,469
Travel	8,100	8,100	5,937	2,163
Advertising, dues and subscriptions	3,500	3,500	2,503	997
Printing/duplication/typing/binding	1,500	1,500	36	1,464
Communications	6,700	6,700	6,224	476
Rentals	29,000	29,000	26,531	2,469
Maintenance/property and equipment	500	500	90	410
Professional services	92,370	82,070	35,423	46,647
Materials and supplies	2,500	8,000	3,503	4,497
Capital outlay	1,580	1,580	-	1,580
Total Expenditures	386,150	386,150	316,978	69,172
Excess (Deficiency) of Revenues over Expenditures	(386,150)	(386,150)	(301,280)	84,870
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	386,150	386,150	346,120	(40,030)
Use of available funds	-	-	-	-
Total Other Financing Sources (Uses)	386,150	386,150	346,120	(40,030)
Net Change in Fund Balances	-	-	44,840	44,840
Fund Balances, beginning	921,134	921,134	921,134	-
Fund Balances, ending	921,134	921,134	965,974	44,840

**AMITE RIVER BASIN DRAINAGE AND  
WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA**

**Schedule of Employer's Share of Net Position Liability  
For the Ten Years Ended June 30, 2019**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	0.00794%	0.00811%	0.00781%	0.00762%	0.00714%
<b>Employer's Proportionate Share of the Net Pension</b>	541,161	570,638	612,892	518,343	446,331
<b>Employer's Covered-Employee Payroll<sup>A</sup></b>	153,565	151,144	146,742	144,646	131,497
<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</b>	352%	378%	418%	358%	339%
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability<sup>B</sup></b>	64.3%	62.5%	57.7%	62.7%	65.0%

*This schedule is intended to show information for 10 years. Additional years will be presented as they become available.*



## Schedule of Employer Contributions

For the Year Ended June 30, 2019

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2019	58,201	59,004	(803)	153,565	38.4%
2018	57,284	57,822	(538)	151,144	38.3%
2017	55,615	49,535	6,080	146,742	33.8%
2016	54,821	60,296	(5,475)	144,646	41.7%
2015	49,837	51,678	(1,841)	131,497	39.3%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**AMITE RIVER BASIN DRAINAGE AND  
WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
JUNE 30, 2019**

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**Notes to Required Supplementary Information**

**1. Schedule of Employer's Share of the Net Pension Liability**

This schedule reflects the participation of the Amite River Basin Drainage and Water Conservation District's employees in LASERS and its proportionate share of the net pension liability as a percentage of its covered employee payroll, and the plan fiduciary net position as a percentage of the total pension liability.

**2. Schedule of Employer's Contributions**

This schedule represents the employer contributions subsequent to the measurement date and recognized as a reduction of the net pension liability in future years.

**3. Actuarial Assumptions for Net Pension Liability**

<b>Valuation Date</b>	June 30, 2019
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining Service Lives</b>	3 Years
<b>Investment Rate of Return</b>	7.65% per annum for current year
<b>Inflation Rate</b>	2.75% per annum for current year
<b>Mortality</b>	<b>Non-disabled members</b> - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. <b>Disabled members</b> – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
<b>Termination, Disability, and Retirement</b>	Termination, disability, and retirement assumptions were projected based on a five-year experience study (2009-2013) of the System's members.

**Salary Increases**

Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.8%	12.8%
Judges	2.8%	5.3%
Corrections	3.4%	14.3%
Hazardous Duty	3.4%	14.3%
Wildlife	3.4%	14.3%

**Cost of Living Adjustments**

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

**AMITE RIVER BASIN DRAINAGE AND  
WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
JUNE 30, 2019**

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**Schedule of Employer's Proportionate Share of the Total Collective OPEB Liability  
For the Ten Years Ended June 30, 2019**

	2019	2018	2017
Employer's Proportion of the Collective OPEB Liability (Asset)	0.0017%	0.0016%	0.0010%
Employer's Proportionate Share of The Collective OPEB Liability	144,571	141,433	145,498
Employer's Covered-Employee Payroll	153,565	150,961	146,564
Employer's Proportionate Share of The Collective OPEB Liability (Asset) As a Percentage of its Covered-Employee Payroll	94.1%	93.7%	99.3%

*This schedule is intended to show information for 10 years. Additional years will be presented as they become available.*

**Notes to Required Supplementary Information**

There are no assets accumulated in a trust that meets the requirements in paragraph 4 of GASB Statement 75 to pay related benefits.

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**SUPPLEMENTARY INFORMATION**

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**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
JUNE 30, 2019**

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In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of per diem paid to board members is presented for the year ended June 30, 2019.

<u>Name</u>	<u>Amount</u>
Babin, Ben B.	\$2,300
Bailey, Lionel L.	1,200
Hoover, David G.	1,800
Lee, Willie George	600
Little, James A.	900
Parker, Edwin R.	600
Thibeau, Jerry R.	2,000
Thomas, Larry N.	900
Thompson, Donald "Don" E.	1,800
Wade, Tamiara L.	300
Welborn, Kenneth "Wade"	<u>900</u>
Totals	<u>13,300</u>

**AMITE RIVER BASIN DRAINAGE AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
YEAR ENDED JUNE 30, 2019**

**AGENCY HEAD NAME: Dietmar Rietschier, Executive Director**

<b>PURPOSE</b>	<b>AMOUNT</b>
Salary	\$ 102,719
Retirement	38,930
Health Insurance	<u>6,081</u>
Total	<u>\$ 147,730</u>

**John L. McKowen**  
Certified Public Accountant

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Baton Rouge, Louisiana 70806

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jlmckowen@cox.net

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

Board of Commissioners of the  
Amite River Basin Drainage  
and Water Conservation District  
3535 South Sherwood Forest Boulevard, Suite 135  
Baton Rouge, Louisiana 70816-2255

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Amite River Basin Drainage and Water Conservation District, a related organization of the State of Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Amite River Basin Drainage and Water Conservation District's basic financial statements, and have issued my report thereon dated September 16, 2019.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Amite River Basin Drainage and Water Conservation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Amite River Basin Drainage and Water Conservation District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Amite River Basin Drainage and Water Conservation 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 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 is important enough to merit attention by those charged with governance.



My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Amite River Basin Drainage and Water Conservation District's financial statements are free of material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit conducted in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "John L. McKowen, CPA". The signature is written in a cursive style.

John L. McKowen, CPA

Baton Rouge, Louisiana  
September 16, 2019

**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2019**

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I have audited the financial statements of the Amite River Basin Drainage and Water Conservation District as of and for the year ended June 30, 2019, and have issued my report thereon September 16, 2019. I conducted my audit in accordance with 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. My audit of the financial statements as of June 30, 2019 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control	Material Weakness	<input type="checkbox"/> No	
	Control Deficiency(ies)	<input type="checkbox"/> No	
Compliance	Compliance Material to F/S	<input type="checkbox"/> No	
<input type="checkbox"/> No		Control	Deficiency(ies)

2. Federal Awards

N/A

**Section II Financial Statement Findings**

None

**Section III Federal Award Findings and Questioned Costs**

N/A

**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2018**

---

**Section I Internal Control and Compliance Material to the Financial Statements**

None

**Section II Internal Control and Compliance Material to Federal Awards**

N/A

**Section III Management Letter**

None

**John L. McKowen**  
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**AMITE RIVER BASIN DRAINAGE  
AND WATER CONSERVATION DISTRICT  
BATON ROUGE, LOUISIANA  
INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED UPON PROCEDURES  
YEAR ENDED JUNE 30, 2019**

To the Board of Commissioners  
Amite River Basin Drainage and  
Water Conservation District and  
the Louisiana Legislative Auditor  
Baton Rouge, Louisiana

I have performed the procedures enumerated below, which were agreed to by the Amite River Basin Drainage and Water Conservation District (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures for the fiscal period July 1, 2018 through June 30, 2019. The District's management is responsible for those control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures, and the results of that testing, and not to provide an opinion on control and 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.



John L. McKowen, CPA

Baton Rouge, Louisiana  
September 16, 2019

## ***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

*The District's written policies and procedures adequately address budgeting.*

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*The District's written policies and procedures adequately address purchasing.*

c) ***Disbursements***, including processing, reviewing, and approving

*The District's written policies and procedures adequately address disbursements.*

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*The District's written policies and procedures adequately address receipts/collections.*

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*The District's written policies and procedures adequately address payroll/personnel.*

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

*The District's written policies and procedures adequately address contracting.*

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

*The District's written policies and procedures adequately address credit card usage.*

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

*The District's written policies and procedures adequately address travel and expense reimbursement.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

*The District's written policies and procedures adequately address ethics.*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Not applicable.*

- k) **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.

*The District is in the process of writing and adopting policies and procedures that address disaster recovery/business continuity.*

#### **Board or Finance Committee**

---

*There were no exceptions in the prior year; therefore, board minutes were not tested in the current year.*

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

### ***Bank Reconciliations***

---

*There were no exceptions in the prior year; therefore, bank reconciliations were not tested in the current year.*

3. Obtain a listing of client 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 selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### ***Collections (excluding EFTs)***

---

*There were no exceptions in the prior year; therefore, collections were not tested in the current year.*

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

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
  7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
    - a) Observe that receipts are sequentially pre-numbered.
    - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
    - c) Trace the deposit slip total to the actual deposit per the bank statement.
    - d) Observe that 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).
    - e) Trace the actual deposit per the bank statement to the general ledger.

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

---

*There were no exceptions in the prior year; therefore, non-payroll disbursements were not tested in the current year.*

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.



- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

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

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

*There were no exceptions in the prior year; therefore, credit cards were not tested in the current year.*

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 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 testing). For each transaction, observe that 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.

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

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*There were no exceptions in the prior year; therefore, travel and travel related expense reimbursements were not tested in the current year.*

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

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*There were no exceptions in the prior year; therefore, contracts were not tested in the current year.*

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

### ***Payroll and Personnel***

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*There were no exceptions in the prior year; therefore, payroll and personnel were not tested in the current year.*

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Ethics***

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*There were no exceptions in the prior year; therefore, ethics was not tested in the current year.*

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

### ***Debt Service***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

*Not applicable.*

22. 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).

*Not applicable.*

### ***Other***

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23. 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.

*Management represents that there were no misappropriations during the fiscal year.*

24. Observe that 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.

*The District has the notice required by R.S. 24:523.1 posted on both its premises and its website.*