

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
Lafourche Parish Council**

COMPONENT UNIT FINANCIAL STATEMENTS

DECEMBER 31, 2017

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH COUNCIL
COMPONENT UNIT FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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COMPONENT UNIT FINANCIAL STATEMENTS

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Wade Knight, President
and Members of the Board of Commissioners
Fifth Ward Gravity Drainage District
No. 5 of Lafourche Parish
164 West Main
Thibodaux, Louisiana 70301

I have compiled the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2017, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. I have not audited or reviewed the accompanying basic financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The management's discussion and analysis, budgetary comparison information and schedule of compensation paid to board members are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.



John L. McKowen, CPA
Baton Rouge, Louisiana
March 21, 2018

Member

American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 OF 2)

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH COUNCIL
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2017**

Managements' Discussion and Analysis (MD&A) is a required component of financial reporting to provide an objective and easily readable analysis of the Fifth Ward Gravity Drainage District No. 5's (hereafter referred to as the District) financial activities based on currently known facts, decisions or conditions. Management has included this narrative overview and analysis of the financial activities of District to hopefully assist users in assessing whether financial position has improved or deteriorated as a result of the year's activities

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's component unit financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District using a perspective similar to that used by the private sector. These statements include a 1) statement of net position and 2) statement of activities. Each statement should distinguish between the governmental and business-type activities of the primary government by reporting each in separate columns. The District has only governmental activity and, therefore, there is only one column presented in the accompanying financial statements.

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

Statement of Activities. This statement presents information showing how the District's net position changed during the most recent 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 revenues provided by its taxpayers.

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include activities related to drainage.

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

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OF LAFOURCHE PARISH
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Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. 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.

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 funds balance sheet and the governmental funds 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.

The fund financial statements can be found on pages 13-16 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The index of the notes is found on page 18 with the actual notes beginning immediately afterwards.

Other information. In addition to the component unit financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparisons. This schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows and balances, stated on the government's budgetary basis.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH COUNCIL
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2017**

FINANCIAL ANALYSIS OF THE DISTRICT

Net position serves as a useful indicator of the District's financial position from year to year. The following is a summary of the District's net position:

**SUMMARY OF NET POSITION
Governmental Activities**

	<u>2017</u>	<u>2016</u>
Assets:		
Current and other assets	\$ 464,336	\$ 587,584
Capital assets, net	<u>103,615</u>	<u>76,992</u>
Total assets	567,951	664,576
Liabilities:		
Current liabilities	34,741	7,827
Net Position:		
Investment in capital assets	103,615	76,992
Unrestricted	<u>429,595</u>	<u>579,757</u>
Total net position	<u>533,210</u>	<u>656,749</u>

Net position decreased by \$115,145 in the current year due primarily to a reduced millage rate approved by the Board in 2012 and carried forward through the current year.

The following table provides a summary of the District's changes in net position:

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

	<u>2017</u>	<u>2016</u>
Revenues:		
General revenues:		
Property taxes	\$ 118,028	\$ 110,456
Revenue sharing	11,210	11,209
Investment income	<u>7,018</u>	<u>657</u>
Total revenues	136,256	122,322

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Expenses:		
General government	\$ 11,462	\$ 9,936
Drainage work	<u>248,333</u>	<u>179,849</u>
Total expenses	<u>251,401</u>	<u>189,785</u>
Change in net position	(123,539)	(67,436)
Net position, beginning of year	<u>656,749</u>	<u>724,212</u>
Net position, end of year	<u><u>533,210</u></u>	<u><u>656,749</u></u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget for 2017 included \$121,563 in revenues and \$131,998 was realized. This resulted in a favorable variance of 9%.

Expenditures were budgeted at 250,775 while \$286,418 was actually expended. This resulted in an unfavorable variance of 7%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets, net of accumulated depreciation, for its governmental activities as of December 31, 2017 and 2016, was \$112,009 and \$76,992, respectively.

The District purchased \$56,420 in capital assets during the current year.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
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A summary of capital assets, net of accumulated depreciation, by major category is as follows:

CAPITAL ASSETS		
Net of Accumulated Depreciation		
Governmental Activities		
	<u>2017</u>	<u>2016</u>
Depreciable Assets:		
Vehicles/boats	\$ 34,289	\$ 10,556
Equipment	<u>69,326</u>	<u>66,436</u>
Total	<u>103,615</u>	<u>76,992</u>

Long-Term Debt. The District remains debt-free as of the end of the current year.

ECONOMIC ENVIRONMENT AND NEXT YEAR'S BUDGET

Management is comprised of five Board Commissioners who are appointed by the Lafourche Parish Council. The commissioners do not receive any compensation.

The Board is authorized to open and maintain all natural drains (ditches and canals) in the District where drainage is accomplished by the force of gravity. The District covers the entire 5th Ward of Lafourche Parish. It has two part-time employees.

Prior to entering property for ditch cleaning, the Parish obtains a right-of-way from the landowners. This previously was done by a parish employee. Now it must go before the Parish Council to have a right-of-way accepted. This tremendously slows down the process of scheduling where and when to send the equipment to work. Any landowner in the 5th Ward is entitled to have their canals cleaned by the District.

These employees maintain about 18 miles of major canals and 22 miles of smaller canals and ditches using a boat to spray weeds and an excavator to dig out silt.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
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MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2017**

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Fifth Ward Gravity Drainage District No. 5's finances for all those with an interest in this government's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to our accountants at T. S. Kearns & Co., CPAs, 164 West Main, Thibodaux, Louisiana 70301, 985-447-8507.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH COUNCIL
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 350,325
Receivables, net	114,011
Capital assets, net of accumulated depreciation	<u>103,615</u>
Total Assets	<u>\$ 567,951</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
	<u>-</u>
<u>LIABILITIES</u>	
Accounts payable	31,253
Payroll and related payables	<u>3,488</u>
Total Liabilities	<u>\$ 34,741</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
	<u>-</u>
<u>NET POSITION</u>	
Net investment in capital assets	103,615
Unrestricted	<u>429,595</u>
Total Net Position	<u>\$ 533,210</u>

See Accompanying Notes and Independent Accountants' Compilation Report

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH COUNCIL
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Programs Revenues</u>			<u>Net Revenues (Expenses)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
General government	\$ 11,462	-	-	-	(11,462)
Drainage work	\$ 248,333	-	-	-	(248,333)
Total Governmental Activities	\$ 259,795	-	-	-	\$ (259,795)

General Revenues	
Property taxes	118,028
Revenue sharing	11,210
Investment income	7,018
Total General Revenues	\$ 136,256
Change in Net Position	(123,539)
Net Position, beginning	656,749
Net Position, ending	\$ 533,210

See Accompanying Notes and Independent Accountants' Compilation Report

FUND FINANCIAL STATEMENTS

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH COUNCIL
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

<u>ASSETS</u>	<u>General Fund</u>
Cash and cash equivalents	\$ 350,325
Taxes Receivables, net	\$ 114,011
Total Assets	\$ 464,336
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	\$ -
<u>LIABILITIES</u>	
Accounts payable	31,253
Payroll and related payables	3,488
Total Liabilities	\$ 34,741
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unavailable revenues - property taxes	\$ 11,288
<u>FUND BALANCES</u>	
Unassigned	\$ 418,307
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 464,336

See Accompanying Notes and Independent Accountants' Compilation Report

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH COUNCIL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2017**

Total Fund Balances - Governmental Funds	\$ 418,307
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.	103,615
Some taxes receivable remained uncollected for more than sixty days after year-end and, therefore, are not available to pay current period expenditures	11,288
Total Net Position - Governmental Activities	<u>\$ 533,210</u>

See Accompanying Notes and Independent Accountants' Compilation Report

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH COUNCIL
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017**

	<u>General Fund</u>
	<u>2016</u>
<u>REVENUES</u>	
Property taxes	\$ 113,770
Revenues sharing	11,210
Other income	7,018
	\$ 131,998
 <u>EXPENDITURES</u>	
Accounting	\$ 6,850
Advertising	574
Auto expense	6,144
Bank charges	20
Insurance	29,277
Material and supplies	14,767
Office supplies and expenses	374
Pension fund/assessors' fees	3,664
Repairs and maintenance	21,422
Rent	28,575
Salaries and related benefits	118,331
Capital outlay	56,420
	\$ 286,418
Net Change in Fund Balances	\$ (154,420)
Fund Balances, beginning	\$ 572,727
Fund Balances, ending	\$ 418,307

See Accompanying Notes and Independent Accountants' Compilation Report

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
 OF LAFOURCHE PARISH
 LAFOURCHE PARISH COUNCIL
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2017**

Net Change in Fund Balances - Governmental Funds	\$	(154,420)
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Amounts reported for governmental activities
 in the Statement of Activities are different because:

Because some property taxes will not be collected for several months after year-end, they are not considered "available" revenues in the governmental funds.	\$	4,257
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differed from capital outlay during the year.	\$	26,624
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Change in Net Position of Governmental Activities	\$	<u>(123,539)</u>
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NOTES TO FINANCIAL STATEMENTS

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH COUNCIL
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DECEMBER 31, 2017**

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**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

INTRODUCTION

The Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish was created by the Lafourche Parish Council on February 10, 1965, as authorized by Louisiana Revised Statute 38:1751. A Board of five commissioners who are appointed by the Lafourche Parish Council govern the District. The Board of Commissioners has elected to receive no compensation for their services.

The District is authorized to open and maintain all natural drains in the District where drainage is accomplished using the natural force of gravity. This may be accomplished by cutting and opening new drains, ditches and canals. The District covers the entire Fifth Ward of Lafourche Parish and has two part-time employees. It maintains approximately 18 miles of major drainage canals and 22 miles of smaller drainage canals and ditches using a boat to spray weeds and an excavator to dig silt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the District conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of significant accounting policies used by the District:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Criteria considered to determine financial accountability includes an organization (1) where the reporting entity has the authority to appoint a voting majority of the organization's governing body and (a) the ability of the reporting entity to impose its will on the organization and/or (b) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity; (2) with fiscal dependence on the reporting entity; and (3) for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

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For reporting purposes, the Lafourche Parish Council is the governing authority of the District. Based on the criterion listed above, it is determined that the Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish is a component unit of the Lafourche Parish Council. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information of the Police Jury, the general government services provided by that government unit or other governmental units that comprise the reporting entity.

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. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-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-type 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

Inter-fund receivables and payables are eliminated in the statement of net assets 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

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the modified cost recovery system over their estimated useful lives. They are reported net of accumulated depreciation on the statement of net position.

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Under the requirements of GASB Statement No. 34, the District is considered a Phase 3 government, as its total annual revenues are less than \$10 million. Such governments were not required to report major general infrastructure assets retroactively. This did not impact the District, as it does not have any infrastructure assets to report.

Program Revenues

The statement of activities presents three categories of program revenues – charges for services and operating or capital grants/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. Because the District does not have any customers, there are no such revenues. Grants and contributions may be operating or capital in nature. The District did not have any such revenues during the year.

Direct/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 expenses include general government or administration that cannot be specifically traced to a service or program.

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. The District does not have any proprietary funds.

Restricted Net Position

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

Fund Accounting: 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. The District has only one fund that is considered a governmental fund. The fund classification and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all or most of the District's general activities, including the collection and disbursement of specific or legally

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restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund – is the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

Basis of Accounting/Measurement Focus: The type of financial statement presentation determines the accounting and financial 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-type and business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred, regardless of when the related cash flows take place, in the statement of activities. Non-exchange transactions such as grants are recognized in the year the eligibility requirements are met. In these statements, capital assets are reported and depreciated in each fund.

Governmental funds 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. Revenues are recognized when measurable and available, and expenditures are recorded when the related fund liability is incurred. An exception is unmatured principal and interest on general long-term debt which is recognized when due. The District considers all revenues available if they are collected within sixty days after year-end. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgets and Budgetary Accounting: The District prepares an annual budget for the general fund as required by Louisiana Revised Statute 39:1305. It is prepared on a modified accrual basis of accounting. Budget integration was not employed as a management control device during the year, and the original budget was amended during the year. Appropriations lapse at year-end. The District reserves all authority to make changes to the budget.

Cash and Cash Equivalents: Cash includes amounts in demand deposits and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety 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.

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Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed ninety 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. The District did not have any long-term investments at year-end.

Capital Assets: The District's assets are recorded at historical cost. Contributed assets, if any, are reported at estimated fair value at the time of the donation. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Dragline and related assets	20 years
Boat	20 years
Equipment	3-7 years

The District's capitalization policy includes adding all assets with a value of \$500 or more. However, assets that are less in value may be capitalized if their use will benefit more than one period such as winches and chain saws.

Compensated Absences: The District does not have compensated absences.

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

The District did not have any long-term debt at December 31, 2017.

Net Position/Fund Balances: In the statement of net position, the difference between a government's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

Investment in Capital Assets

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 Net Position

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

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LAFOURCHE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Unrestricted Net Position

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:

Non-spendable

This includes amounts in permanent funds and inventories that are permanently precluded from conversion to cash.

Restricted

Fund balances that are restricted include those resources constrained to a specific purpose by enabling legislation, external parties or constitutional provisions.

Committed

Fund balances may be committed for a specific purpose by the highest level of decision-making authority through a formal action such as the adoption of an ordinance. The removal of or change in this commitment can only be accomplished by the same level of authority through the same type of action taken to commit the fund balances initially.

Assigned

Resources earmarked for a specific purpose by a government's management are reported as assigned fund balances.

Unassigned

This category represents that portion of equity that are available for any purpose.

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.

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2017, the Board had cash and cash equivalents on hand (book balances) totaling \$350,325 as follows:

Demand deposits	\$ 13,614
Money market savings	<u>336,711</u>
Total	<u>350,325</u>

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
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DECEMBER 31, 2017**

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, the pledge of securities owned by the fiscal agent bank, or a letter of credit issued by the Federal Home Loan Bank. In addition to \$250,000 FDIC insurance, the District has been irrevocably allocated \$300,000 of the custodian bank's letter of credit with the Federal Home Loan Bank of Dallas. The District does not have any cash or cash equivalents exposed to credit risk.

NOTE 3 – RECEIVABLES

The following is a summary of receivables at December 31, 2017:

Taxes	\$ <u>114,011</u>
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The District accrues ad valorem taxes in the amount collected by the Sheriff yet remitted to the District after year-end. Some collections are remitted to the District during the year for delinquent taxes, but this amount is immaterial. Therefore, no bad debts or write-offs are recorded in the accompanying financial statements. By closing out the prior year receivables, amounts considered uncollectible are substantially written-off.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, being depreciated				
Vehicles/Boat	\$ 60,078	\$ 32,127	\$ -	\$ 92,205
Less: accumulated depreciation	<u>49,522</u>	<u>8,394</u>	-	<u>57,916</u>
Net Vehicles/Boats	10,556	23,733	-	34,289
 Equipment	 266,770	 24,293	 -	 291,063
Less: accumulated depreciation	<u>200,334</u>	<u>21,403</u>	-	<u>221,737</u>
Net Equipment	<u>66,436</u>	<u>2,890</u>	-	<u>69,326</u>
 Net Capital Assets, being depreciated	 <u>76,992</u>	 <u>26,623</u>	 -	 <u>103,615</u>

Depreciation expense was charged to governmental functions as follows:

Drainage work	\$ <u>29,797</u>
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**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of governmental activity payables at December 31, 2017:

Class of Payables

Accounts (trade)	\$ 31,253
Payroll and related expenses	<u>3,488</u>
Total	<u>34,731</u>

NOTE 6 – PENSION PLAN

The employees of the District participate in the federal social security and Medicare program in which the District matches the employee’s contribution by 7.65% of gross salary. No other type of retirement is offered.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS

The District does not provide any post employment benefits to its employees.

NOTE 8 – LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
General Maintenance	4.62	1.90

NOTE 9 – PAYMENTS BY OTHER GOVERNEMENTAL UNITS

Certain operating expenditures of the District are paid by the Lafourche Parish Council. These expenditures include fuel for trucks and a boat. Because the cost of the materials is immaterial, it is not reported in the accompanying financial statements.

NOTE 10 – RELATED PARTY TRANSACTIONS

There were no related party transactions that require disclosure in the accompanying financial statements.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 11 – LITIGATION AND CLAIMS

There was no litigation that would require disclosure or reporting in the accompanying financial statements. The District is not aware of any potential or threatened claims.

NOTE 12 – SUBSEQUENT EVENTS

There were no subsequent events that would have a material affect on the accompanying financial statements that occurred between the close of the year and issuance of the financial statements on March 21, 2018.

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

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH COUNCIL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017**

	Budget		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Property taxes	\$ 100,000	\$ 103,549	113,770	10,221
Revenue sharing	11,500	11,210	11,210	-
Interest earned	350	1,507	1,721	214
Other income	-	5,297	5,297	
Total Revenues	111,850	121,563	131,998	10,435
<u>EXPENDITURES</u>				
Accounting & legal	6,080	6,450	6,850	(400)
Material and supplies	11,000	15,000	14,767	233
Office supplies	700	400	374	26
Auto/fuel expense	10,000	5,000	6,144	(1,144)
Advertising	250	400	574	(174)
Bank charges	-	27	20	7
Insurance	10,000	14,000	29,277	(15,277)
Sheriff's pension fund	-	-	3,664	(3,664)
Repairs and maintenance	32,000	23,000	21,422	1,578
Salaries and related benefits	100,000	118,000	118,331	(331)
Rent	10,000	28,575	28,575	-
Capital outlay	-	39,923	56,420	(16,497)
Total Expenditures	180,030	250,775	286,418	(35,643)
Net Change in Fund Balances	(68,180)	(129,212)	(154,420)	(25,208)
Fund Balance, beginning	572,727	572,727	572,727	-
Fund Balance, ending	504,547	443,515	418,307	(25,208)

See Independent Accountants' Compilation Report

SUPPLEMENTAL INFORMATION

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH COUNCIL
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED DECEMBER 31, 2017**

AGENCY HEAD NAME: Wade Knight

Mr. Knight received no compensation, benefits or other payments from the District in 2017.

See Independent Accountants' Compilation Report