# FIFTH LOUISIANA LEVEE DISTRICT
# STATE OF LOUISIANA

## Financial Report
## As of and For the Year Ended
## June 30, 2017

**FIFTH LOUISIANA LEVEE DISTRICT**
**STATE OF LOUISIANA**
**Financial Report**
**As of and For the Year Ended June 30, 2017**

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# FIFTH LOUISIANA LEVEE DISTRICT
# STATE OF LOUISIANA
## Financial Report
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# FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Fifth Louisiana Levee District
Tallulah, 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 Fifth Louisiana Levee District (the District), a component unit of the State of Louisiana, as of and for the year ended June 30, 2017, 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 Fifth Louisiana Levee District as of June 30, 2017, 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, budgetary comparison information and schedule of employer's share of net pension liability 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 Matters - 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, Schedule of Professional Service Payments, Schedule of Compensation, Benefits, and Other Payments to the Agency Head or Chief Executive Officer and the Division of Administration and Office of Statewide Reporting and Accounting Policy Annual Fiscal Report packet are presented for purposes of additional analysis and are not part of the basic financial statements. This supplemental information is the responsibility of management and was derived from and related 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 7, 2017, on my consideration of the Fifth Louisiana Levee 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 Fifth Louisiana Levee District's internal control over financial reporting and compliance.

John L. McKowen, CPA

John L. McKowen, CPA

Baton Rouge, Louisiana
September 7, 2017

# REQUIRED SUPPLEMENTARY INFORMATION
# (PART 1 OF 2)

The purpose of this section is to offer management's discussion and analysis of the Fifth Louisiana Levee District of the State of Louisiana's (hereafter referred to as the District) financial performance during the year ended June 30, 2017. It focuses on current year activities, resulting changes and currently known facts. It should be read in conjunction with the financial report taken as a whole.

**Financial Highlights**

- The District's assets exceeded its liabilities at the close of fiscal year 2017 and 2016 by $6,693,459 and $6,181,689, respectively.
- The District's increase in net activities for 2017 and 2016 was $511,770 and $495,644, respectively.

**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 position and statement of activities.

*Statement of Net position.* This statement presents information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or 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 13-14 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.

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 provide 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. The fund financial statements begin on page 16.

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 begin on page 44.

**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 21 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.

## Financial Analysis of the District

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

### SUMMARY OF NET POSITION
**Governmental Activities**

| | 2017 | 2016 |
|---|---|---|
| **Assets** | | |
| Current assets | $ 1,596,944 | $ 1,584,664 |
| Capital assets, net | 7,475,239 | 6,623,728 |
| Total Assets | 9,072,183 | 8,202,392 |
| **Deferred Outflows of Resources** | 504,613 | 193,963 |
| **Liabilities** | | |
| Current liabilities | 190,916 | 147,016 |
| Long-term liabilities | 2,659,698 | 2,049,426 |
| Total Liabilities | 2,850,614 | 2,196,442 |
| **Deferred Inflows of Resources** | 32,723 | 24,224 |
| **Net position** | | |
| Invested in capital assets, net of related debt | 7,107,395 | 6,472,026 |
| Unrestricted | (413,936) | (290,337) |
| Total Net position | 6,693,459 | 6,181,689 |

A summary of changes in net position is as follows:

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

| | 2017 | 2016 |
|---|---|---|
| **Revenues** | | |
| Operating grants/contributions | $ 272,646 | $ 747,693 |
| Capital grants/contributions | 330,944 | 467,860 |
| Charges for services | 100 | - |
| General revenues: | | |
| Property taxes | 1,338,233 | 1,321,131 |
| State appropriations | - | - |
| State revenue sharing | 42,847 | 43,944 |
| Royalties, leases, land and timber sales | 96,492 | 104,835 |
| Gain on sale of capital assets | 236,299 | - |
| Investment earnings | 5,302 | 4,618 |
| Miscellaneous | 453 | 12,797 |
| Total Revenues | 2,323,316 | 2,702,878 |
| **Expenses** | | |
| General government | 1,811,456 | 2,207,234 |
| Change in net position | 511,770 | 495,644 |
| Net position, beginning, as restated | 6,181,689 | 5,686,045 |
| Net position, ending | 6,693,459 | 6,181,689 |

## Budgetary Highlights

Revenues were $249,844 less than budgeted. Expenses were less than anticipated by $20,079. The net result was an unfavorable change in fund balances versus budget of $229,765.

## Capital Asset and Debt Administration

*Capital Assets:* The District's investment in capital assets, net of accumulated depreciation, at June 30, 2017 and 2016, was $7,475,239 and $6,623,728, respectively.

All assets were properly recorded with the State of Louisiana and a detailed list is maintained.

Capital assets at year-end are summarized as follows:

**CAPITAL ASSETS**
**Net of Accumulated Depreciation**
**Governmental Activities**

| | 2017 | 2016 |
|---|---|---|
| **Non-depreciable Assets** | | |
| Land | $ 456,761 | $ 456,761 |
| Right of way | 5,640,424 | 5,303,273 |
| **Depreciable Assets** | | |
| Furniture and equipment | $ 1,169,849 | $ 647,754 |
| Buildings and improvements | 208,205 | 215,940 |
| Total | 7,475,239 | 6,623,728 |

*Long-Term Debt:* Long-term debt of the District includes capital leases at amounts of $220,105 and $61,592 at June 30, 2017 and 2016, respectively. There is also a liability for compensated absences at amounts of $67,946 and $64,714 at June 30, 2017 and 2016, respectively. There is an unfunded liability for post-employment benefits based on actuarially determined amounts in accordance with GASB No. 45 in the amount of $329,277 and $283,617 at June 30, 2017 and 2016, respectively. Lastly, there is a net pension liability based on actuarially determined amounts in accordance with GASB No. 68 in the amount of $2,042,370 and $1,639,503 at June 30, 2017 and 2016.

## Economic Environment and Next Year's Budget

The Fifth Louisiana Levee District's appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Continued assistance from the State of Louisiana
- Changes in property tax revenues
- No increase in flood protection expenses.

The District received $142,500 to $250,000 in assistance from the State of Louisiana annually for many years. The District has received no assistance from the State since 2012. These funds are used for operations of the District. The District has advised the State of Louisiana that in the event of a major flood, the District will very likely not have enough cash to fund the flood fight. The flood could come as quickly as a break in the levee and cash would need to be available to immediately remedy the flooding of many Louisiana parishes. The damages of a levee break could easily be greater than the damage to Louisiana from Katrina.

Indications from the State of Louisiana are that the annual funding will continue to be deleted from future Louisiana budgets. In the event that this funding continues to be deleted, we believe that the State of Louisiana is putting itself at great risk from immense damages.

## 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 Jason Trichell, Superintendent of Operations, at 102 Burnside Drive, Tallulah, Louisiana 71282. Telephone (318) 574-2206.

# GOVERNMENT-WIDE FINANCIAL STATEMENTS

**FIFTH LOUISIANA LEVEE DISTRICT**
**STATE OF LOUISIANA**
**STATEMENT OF NET POSITION**
**JUNE 30, 2017**

| | | |
|---|---|---|
| **ASSETS** | | |
| Current Assets | | |
| Cash and cash equivalents | $ | 319,559 |
| Investments | | 1,200,506 |
| Accounts Receiable | | 5,580 |
| Prepaid expenses | | 71,299 |
| Total Current Assets | | 1,596,944 |
| Non-Current Assets | | |
| Capital assets, net of accumulated depreciation: | | 7,475,239 |
| Total Non-Current Assets | | 7,475,239 |
| Total Assets | | 9,072,183 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | 504,613 |
| **LIABILITIES** | | |
| Current Liabilities | | |
| Accounts payable | | 20,568 |
| Accrued salaries and payroll liabilities | | 22,609 |
| Capital lease obligations - current portion | | 147,739 |
| Total Current Liabilities | | 190,916 |
| Non-Current Liabilities | | |
| Compensated absences payable | | 67,946 |
| Capital lease obligations - long term | | 220,105 |
| Other post-employment benefits plan payable | | 329,277 |
| Net pension liability | | 2,042,370 |
| Total Non-Current Liabilities | | 2,659,698 |
| Total Liabilities | | 2,850,614 |
| **DEFERRED INFLOWS OF RESOURCES** | | 32,723 |
| **NET POSITION** | | |
| Invested in capital assets, net of related debt | | 7,107,395 |
| Unrestricted | | (413,936) |
| Total Net Position | $ | 6,693,459 |

The accompanying notes are an integral part of this statement.

**FIFTH LOUISIANA LEVEE DISTRICT**
**STATE OF LOUISIANA**
**STATEMENT OF ACTIVITIES**
**YEAR ENDED JUNE 30, 2017**

| | | Program Revenues | | | Net Revenues (Expenses) |
|---|---|---|---|---|---|
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| **Governmental Activities** | | | | | |
| General government | $ 1,811,546 | $ 100 | $ 272,646 | $ 330,944 | $ (1,207,856) |
| Total Governmental Activities/Primary Government | 1,811,546 | 100 | 272,646 | 330,944 | (1,207,856) |
| **General Revenues** | | | | | |
| Property taxes | | | | | 1,338,233 |
| State revenue sharing | | | | | 42,847 |
| Royalties, leases, land and timber sales | | | | | 96,492 |
| Gain on sale of capital assets | | | | | 236,299 |
| Investment earnings | | | | | 5,302 |
| Miscellaneous | | | | | 453 |
| Total General Revenues | | | | | 1,719,626 |
| Change in Net Position | | | | | 511,770 |
| Net Position, beginning of year | | | | | 6,181,689 |
| Net Position, ending | | | | | $ 6,693,459 |

The accompanying notes are an integral part of this statement.

# FUND FINANCIAL STATEMENTS

**FIFTH LOUISIANA LEVEE DISTRICT**
**STATE OF LOUISIANA**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**JUNE 30, 2017**

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ | 319,559 |
| Investments | | 1,200,506 |
| Accounts receivable | | 5,580 |
| Prepaid expenses | | 71,299 |
| Total Assets | | 1,596,944 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | - |
| **LIABILITIES** | | |
| Current Liabilities | | |
| Accounts payable | | 20,568 |
| Accrued salaries payable | | 22,609 |
| Capital Lease Obligations - current portion | | 147,739 |
| Total Liabilities | | 190,916 |
| **DEFERRED INFLOWS OF RESOURCES** | | 4,310 |
| **FUND BALANCE** | | |
| Nonspendable | | 71,299 |
| Unassigned | | 1,330,419 |
| Total Fund Balances | | 1,401,718 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | $ | 1,596,944 |

The accompanying notes are an integral part of this statement.

**FIFTH LOUISIANA LEVEE DISTRICT**
**STATE OF LOUISIANA**
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEETS**
**TO THE GOVERNMENT-WIDE STATEMENTS OF NET ASSETS**
**JUNE 30, 2017**

| | |
|---|---|
| Total Fund Balances - Governmental Funds | $ 1,401,718 |
| Amounts reported for governmental activities in the Statements of Net Assets are different because: | |
| 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. | 7,475,239 |
| 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. | 4,310 |
| 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. | 504,613 |
| Long-term liabilities are not due and payable in the current period and, therfore, are not reported in these funds. Long-term liabilities include the following: | |
| Compensated absences | (67,946) |
| Capital Lease Obligations | (220,105) |
| Other post-employment benefits plan | (329,277) |
| Net pension liability | (2,042,370) |
| Deferred inflows of resources related to pensions are not due and payable in the current period and, therefore, are not reported in these funds | (32,723) |
| Total Net Position - Governmental Activities | $ 6,693,459 |

**FIFTH LOUISIANA LEVEE DISTRICT**
**STATE OF LOUISIANA**
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES**
**IN FUND BALANCES OF GOVERNMENTAL FUNDS**
**YEAR ENDED JUNE 30, 2017**

| | | |
|---|---|---|
| **REVENUES** | | |
| Property taxes | $ | 1,333,923 |
| State revenue sharing | | 42,847 |
| Royalties, leases, land and timber sales | | 96,492 |
| Investment earnings | | 5,302 |
| Right of way reimbursements - State | | 330,944 |
| Relocation reimbursements - Federal | | 272,646 |
| Permit fees | | 100 |
| Miscellaneous | | 453 |
| Total Revenues | | 2,082,707 |
| **EXPENDITURES** | | |
| General government | | 1,631,266 |
| Capital outlay | | 589,064 |
| Total Expenditures | | 2,220,330 |
| Excess (Deficiency) of Revenues over Expenditures | | (137,623) |
| **OTHER FINANCING SOURCES (USES)** | | |
| Net proceeds from sale of capital assets | | 101,693 |
| Net change in fund balances | | (35,930) |
| Fund balances, beginning | | 1,437,648 |
| Fund balances, ending | $ | 1,401,718 |

The accompanying notes are an integral part of this statement.

**FIFTH LOUISIANA LEVEE DISTRICT**
**STATE OF LOUISIANA**
**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENTS**
**OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**TO THE STATEMENTS OF ACTIVITIES**
**YEAR ENDED JUNE 30, 2017**

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| | | |
|---|---|---|
| Net Change in Fund Balances - Total Governmental Funds | $ | (35,930) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Principal payments on capital leases are reported as expenditures in governmental funds. | | 140,048 |
| Only the gain (loss) on the sale of capital assets is reported in the Statement of Activities, while in the governmental funds, the net proceeds from the sale increase financial resources. The difference is the cost of the capital asset. | | 134,606 |
| 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. | | 4,310 |
| 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. | | 418,344 |
| 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 | | (3,232) |
| Other post-employment benefits plan | | (45,660) |
| Net pension liability and deferred inflows and outflows for pensions | | (100,716) |
| Change in Net Position - Governmental Activities | $ | 511,770 |

# NOTES TO FINANCIAL STATEMENTS

# FIFTH LOUISIANA LEVEE DISTRICT
# STATE OF LOUISIANA
# INDEX TO NOTES TO FINANCIAL STATEMENTS
# JUNE 30, 2017

## INTRODUCTION

The Fifth Louisiana Levee District is a component unit of the State of Louisiana created by the Louisiana State Legislature under provisions of Louisiana Revised Statute 38:291 (E). The District provides flood protection primarily from the Mississippi River. The District is composed of eight commissioners appointed by the Governor of the State of Louisiana. As authorized by Louisiana Revised Statute 38:308, the President is compensated $1,000 per month, and the remaining commissioners receive a per diem of $67.50 per day and are reimbursed for their travel expenses. The District covers the Parishes of East Carroll, Madison, Tensas, and Concordia, is located in Tallulah, Louisiana, and serves a population of approximately 47,000. The District employs approximately 20 people.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the Fifth Louisiana Levee 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 Board is considered a component unit of the State of Louisiana because the board members are appointed by the Governor, and there is a financial burden or benefit relationship with the State. The accompanying financial statements present only the transactions of the Fifth Louisiana Levee 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-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 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 one fund type: General.

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.

**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 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. 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. The District owns certificates of deposit with maturities of one year or less.

**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.

**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.

**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.

**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.

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

*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.

*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.

**Deferred Outflows/Inflows of Resources:** The statement of Financial Position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

**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, 2017 and 2016 were $336,234 and $257,275, respectively. Deposits of the District are secured with $250,000 of insurance through FDIC and pledged collateral.

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

| | 2017 | 2016 |
|---|---|---|
| Petty cash | $ 20 | $ 20 |
| Interest-bearing demand deposits | 319,539 | 241,224 |
| Total | 319,559 | 241,244 |

## NOTE 3 – INVESTMENTS

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity or are held either by the counter-party or the counter-party's trust department or agent but not in the entity's name. The District does not have any investments subject to credit risk. All investments are certificates of deposit with maturities extending beyond 90 days. At June 30, 2017, the District had certificates whose reported amount equaled its fair value as follows:

| | Maturity | Interest Rate | Amount |
|---|---|---|---|
| Tensas State Bank | 7/26/17 | 0.35% | $ 200,000 |
| Tensas State Bank | 1/24/18 | 0.82% | 200,000 |
| Delta Bank & Trust | 7/14/17 | 0.25% | 200,000 |
| Delta Bank & Trust | 7/10/17 | 0.43% | 200,000 |
| Delta Bank & Trust | 7/26/17 | 0.15% | 200,000 |
| Cross Keys Bank | 7/31,17 | 0.40% | 200,506 |
| Total | | | $1,200,506 |

## NOTE 4 – ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable:

| | |
|---|---|
| Class of receivable | |
| Ad valorem taxes | $ 5,580 |
| Total | $ 5,580 |

## NOTE 5 – PREPAID EXPENSES

The District had prepaid its annual general insurance premium in the amount of $71,299 at June 30, 2017.

## NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|---|---|---|---|
| Capital Assets, not being depreciated | | | | |
| Land | $ 456,761 | $ - | $ - | $ 456,761 |
| Right of Way | 5,303,273 | 337,151 | - | 5,640,424 |
| Capital Assets, not being depreciated | 5,760,034 | 337,151 | - | 6,097,185 |
| Capital Assets, being depreciated | | | | |
| Furniture and equipment | 2,179,007 | 814,033 | (696,192) | 2,296,848 |
| Less: accumulated depreciation | (1,531,253) | (162,986) | 567,240 | (1,126,999) |
| Net Furniture and Equipment | 647,754 | 651,047 | (128,952) | 1,169,849 |
| Buildings and improvements | 353,126 | - | - | 353,126 |
| Less: accumulated depreciation | (137,186) | (7,735) | - | (144,921) |
| Net Buildings and Improve | 215,940 | (7,735) | - | 208,205 |
| Net Capital Assets, being depreciated | 863,694 | 643,312 | (128,952) | 1,378,054 |
| Total Capital Assets, net | 6,623,728 | 980,463 | (128,952) | 7,475,239 |

## NOTE 7 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at June 30, 2017:

| | |
|---|---|
| Accounts | $ 20,568 |
| Salaries and payroll liabilities | 22,609 |
| Current portion of Capital Leases | 147,739 |
| Total | $ 190,916 |

## NOTE 8 – 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 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.

Only annual leave is accrued in the accompanying statements of net position at $67,946 and $64,714 for June 30, 2017 and 2016, 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, 2017 or 2016.

NOTE 9 – 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 Fifth Louisiana Levee 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.

***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.

*For fiscal years ending July 1, 2016 through June 30, 2017

**Retirement**

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 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.

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.

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, 2017 for the various plans follow:

| Plan | Plan Status | Employee Rate | Employer Rate |
|---|---|---|---|
| Appellate Law Clerks | Closed | 7.50% | 35.80% |
| Appellate Law Clerks hired on or after 7/01/06 | Open | 8.00% | 35.80% |
| Alcohol Tobacco Control | Closed | 9.00% | 30.70% |
| Bridge Police | Closed | 8.50% | 34.20% |
| Bridge Police hired on or after 7/01/06 | Closed | 8.50% | 34.20% |
| Corrections Primary | Closed | 9.00% | 31.10% |
| Corrections Secondary | Closed | 9.00% | 35.30% |
| Harbor Police | Closed | 9.00% | 4.00% |
| Hazardous Duty | Open | 9.50% | 36.10% |
| Judges hired before 1/01/11 | Closed | 11.50% | 38.00% |
| Judges hired after 12/31/10 | Closed | 13.00% | 36.70% |
| Judges hired on or after 7/01/15 | Open | 13.00% | 36.70% |
| Legislators | Closed | 11.50% | 39.10% |
| Optional Retirement Plan (ORP) before 7/01/06* | Closed | 7.50% | 35.80% |
| Optional Retirement Plan (ORP) on or afer 7/01/06* | Closed | 8.00% | 35.80% |
| Peace Officers | Closed | 9.00% | 34.30% |
| Regular Employees hired before 7/01/06 | Closed | 7.50% | 35.80% |
| Regular Employees hired on or after 7/01/06 | Closed | 8.00% | 35.80% |
| Regular Employees hired on or after 1/01/11 | Closed | 8.00% | 35.80% |
| Regular Employees hired on or after 7/01/15 | Open | 8.00% | 35.80% |
| Special Legislative Employees | Closed | 9.50% | 41.10% |
| Wildlife Agents | Closed | 9.50% | 44.80% |

*For ORP the projected employer contribution effort was calculated using the shared UAL portion of the contribution rate of 31.77% for 2017.

The agency's contractually required composite contribution rate for the year ended June 30, 2017 was

35.8% 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 $167,256 for the year ended June 30, 2017.

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

At June 30, 2017, the Employer reported a liability of $2,042,370 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 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, 2016, the Agency's proportion was 0.2422% which was an increase of 0.00179% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Agency recognized pension expense of $209,923 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, $225,305.

At June 30, 2017, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|---|---|---|---|
| Differences between expected and actual experience | $ | 1,182 | $ | 18,942 |
| Changes of assumptions | $ | - | $ | - |
| Net difference between projected and actual earnings on pension plan investments | $ | 254,381 | N/A | |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | $ | 81,794 | $ | 13,781 |
| Employer contributions subsequent to the measurement date | | 167,256 | | - |
| Total | $ | 504,613 | $ | 32,723 |

$167,256 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

Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | | |
|---|---|---|
| 2018 | $ | 73,139 |
| 2019 | $ | 71,957 |
| 2020 | $ | 98,858 |
| 2021 | $ | 60,680 |

***Actuarial Assumptions***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

| | |
|---|---|
| **Valuation Date** | June 30, 2016 |
| **Actuarial Cost Method** | Entry Age Normal |
| **Actuarial Assumptions:** | |
| **Expected Remaining Service Lives** | 3 years |
| **Investment Rate of Return** | 7.75% per annum, net of investment expenses* |
| **Inflation Rate** | 3.0% per annum |
| **Mortality** | **Non-disabled members** - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. |
| | **Disabled members** – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement. |
| **Termination, Disability, and Retirement** | 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: |

| Member Type | Lower Range | Upper Range |
|---|---|---|
| Regular | 4.0% | 13.0% |
| Judges | 3.0% | 5.5% |
| Corrections | 3.6% | 14.5% |
| Hazardous Duty | 3.6% | 14.5% |
| Wildlife | 3.6% | 14.5% |

**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 8.15%, recognizing an additional 25 basis points for gain-sharing and 15 basis points to offset administrative expenses.

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 8.72% for 2016. 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, 2016 are summarized in the following table:

| Asset Class | Target Allocation[1] | Long-Term Expected Real Rate of Return[1] |
|---|---|---|
| Cash | 0% | -0.24% |
| Domestic Equity | 25% | 4.31% |
| International Equity | 32% | 5.48% |
| Domestic Fixed Income | 8% | 1.63% |
| International Fixed Income | 6% | 2.47% |
| Alternative Investments | 22% | 7.42% |
| Global Tactical Asset Allocation | 7% | 2.92% |
| | 100% | 5.30% |

[1]***For reference only:*** *Target Allocation presented in LASERS 2016 CAFR, page 50, and Long-Term Expected Real Rate of Return, page 28.*

### *Discount Rate*

The discount rate used to measure the total pension liability was 7.75%. 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 7.75%, 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:

| | 1.0% Decrease (6.75%) | Current Discount Rate (7.75%) | 1.0% Increase (8.75%) |
|---|---|---|---|
| Employer's proportionate share of the net pension liability | $ 2,509,241 | $ 2,042,370 | $ 1,645,677 |

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2016 Comprehensive Annual Financial Report at www.lasersonline.org.

NOTE 10 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The District may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all of the District's employees become eligible for those benefits if they reach normal retirement age while working for the District and were covered by the District's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

*Plan Description.* The State of Louisiana's Other Post-Employment Benefit Plan (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care – OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization (EPO). Participants eligible for Medicare coverage can choose one of two

OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.

La. R.S. 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap, writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

*Funding Policy.* LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the District with the exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (under 10 yrs. – 81%; 10-14 yrs. – 62%; 15-19 yrs. – 44%; 20+ yrs. – 25%). A lifetime maximum for healthcare benefits is set at $5,000,000 for the PPO, HMO and EPO plans. The retiree must pay 50% of the life insurance premiums for him or herself and 88% for his/her spouse. Maximum coverage is capped at $50,000. Premiums paid for healthcare coverage vary depending on the plan chosen. The plan is currently financed on a pay-as-you-go basis by the District.

*OPEB Cost/Obligation.* The District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the year ending June 30, 2017 is $54,183.

The District's OPEB obligation for the year ended June 30, 2017, is as follows:

| | |
|---|---|
| Annual required contribution/OPEB Cost | $ 45,660 |
| Contributions made | -0- |
| Change in Net OPEB Obligation | 45,660 |
| Net OPEB obligation, beginning | 283,617 |
| Net OPEB obligation, ending | 329,277 |

Utilizing the pay-as-you-go method, the District contributed 0% of the annual post-employment benefits cost during the current year.

*Funding Status and Funding Progress.* As of June 30, 2017, the District had not made any contributions to its post-employment benefits plan trust. A trust was established with an effective date of July 1, 2008, but was not funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below.

| | |
|---|---|
| Unfunded actuarial accrued liability (UAAL) | $ 345,860 |
| Covered payroll (active employees) | 134,297 |
| UAAL as a percentage of covered payroll | 258% |

*Actuarial Methods/Assumptions.* Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 7.0% and 8.1% for pre-Medicare and Medicare eligible, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis.

## NOTE 11 – LEASES

*Operating Leases.* The District has no operating leases.

*Capital Leases.* The District records items under capital leases as an asset and an obligation in the accompanying financial statements.

The gross amount of assets recorded under capital leases is $940,974 and accumulated depreciation is $206,281. Capital leases at June 30, 2017, were as follows:

| Nature of lease | Date of lease | Remaining interest to end of lease | Remaining principal to end of lease |
|---|---|---|---|
| Equipment | 3/11/2014 | 17,732 | 306,252 |
| Equipment | 12/12/2016 | 695 | 61,592 |
| | | $ 18,427 | $ 387,844 |

The following is a schedule by years of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 2017

| | |
|---|---|
| Year ending June 30: | |
| 2018 | $ 157,111 |
| 2019 | 94,824 |
| 2020 | 94,824 |
| 2021 | 59,512 |
| Total minimum lease payments | $ 406,271 |
| Less amounts representing interest | (18,427) |
| Present value of minimum lease payments | $ 387,844 |

## NOTE 12 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2017, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Compensated absences | 64,714 | 3,232 | - | 67,946 | - |
| Capital Lease obligations | 151,702 | 356,190 | (140,048) | 367,844 | 147,739 |
| Other post-employment benefits plan | 283,617 | 45,660 | - | 329,277 | - |
| Net pension liability | 1,639,503 | 402,867 | - | 2,042,370 | - |
| Total | 2,139,536 | 807,949 | (140,048) | 2,807,437 | 147,739 |

## NOTE 13 – RELATED PARTY TRANSACTIONS

There are no related party transactions that require disclosure.

## NOTE 14 – CONTINGENT LIABLIITIES

The District is exposed to several lawsuits involving damages for the expropriation of land. At issue is the amount of just compensation. The outcome will depend largely on the difference between appraisals used.

The District is named as a defendant in an additional lawsuit in which plaintiff alleges that its access to its property was interrupted due to construction of a levee project.

Finally, the District is named as a defendant in a breach of contract lawsuit.

Each of the proceedings above is in the discovery phase and the amount of monetary or other damages sought is unclear. Also, as of the date these statements were to be issued, the attorney for the District has been unable to evaluate the likelihood of an unfavorable outcome.

The District has chosen not to record a contingent liability for any of the above matters.

## NOTE 15 – SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through September 7, 2017, the date that the financial statements were to be issued and has determined that there are no significant subsequent events that require recognition or disclosure through that date.

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

**FIFTH LOUISIANA LEVEE DISTRICT**
**STATE OF LOUISIANA**
**BUDGETARY COMPARISON SCHEDULE**
**YEAR ENDED JUNE 30, 2017**

| | Budgeted | | | Variance |
|---|---|---|---|---|
| | Original | Final | Actual | Favorable (Unfavorable) |
| **REVENUES** | | | | |
| Property Tax | $ 1,359,500 | $ 1,366,583 | $ 1,333,923 | (32,660) |
| Intergovernmental Receipts | 535,315 | 662,521 | 646,437 | (16,084) |
| Use of Money and Property | 239,727 | 245,396 | 102,347 | (143,049) |
| Other | - | 159,744 | 101,693 | (58,051) |
| Total Revenues | 2,134,542 | 2,434,244 | 2,184,400 | (249,844) |
| **EXPENDITURES** | | | | |
| General Administrative - Wages | 144,000 | 138,933 | 138,193 | 740 |
| Levee Maintenance - Wages | 466,264 | 447,517 | 431,635 | 15,882 |
| Levee Maintenance/Supplies and Repairs | 195,500 | 218,702 | 207,269 | 11,433 |
| Right of Way Costs | 468,074 | 611,903 | 618,623 | (6,720) |
| Capital Lease/Equipment Purchases | 402,020 | 403,616 | 403,616 | - |
| General Insurance | 90,000 | 64,286 | 75,722 | (11,436) |
| Employee Benefits | 260,250 | 248,371 | 249,695 | (1,324) |
| Travel | 18,500 | 15,466 | 15,466 | - |
| Office Expense | 31,500 | 29,786 | 29,646 | 140 |
| Professional | 6,800 | 7,257 | 7,863 | (606) |
| Other | 54,000 | 54,572 | 42,602 | 11,970 |
| Total Expenditures | 2,136,908 | 2,240,409 | 2,220,330 | 20,079 |
| Excess (Deficiency) of Revenues over Expenditures | (2,366) | 193,835 | (35,930) | |
| Fund Balance, beginning of year, as previously reported | 1,437,648 | 1,437,648 | 1,437,648 | |
| Fund Balance, ending | $ 1,435,282 | $ 1,631,483 | $ 1,401,718 | |

# FIFTH LOUISIANA LEVEE DISTRICT
# STATE OF LOUISIANA
## Schedule of Employer's Share of Net Pension Liability
## For the Three Years Ended June 30, 2017*

| | 2017 | 2016 | 2015 | |
|---|---|---|---|---|
| Employer's Proportion of the Net Pension Liability (Asset) | 0.026010% | 0.024220% | 0.024380% | |
| Employer's Proportionate Share of the Net Pension Liability | $ 2,042,370 | $ 1,647,190 | $ 1,524,517 | 1 |
| Employer's Covered-Employee Payroll[A] | 489,007 | 459,639 | 449,176 | 2 |
| Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 418% | 358% | 339% | |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability[B] | 57.7% | 62.7% | 65% | |

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

*The amounts presented have a measurement date of the previous fiscal year end.

***For reference only:***

[A] *Employer Covered-Employee Payroll as reported to LASERS during the measurement periods presented.*

[B] *Refer to LASERS CAFR for the years presented.*

**FIFTH LOUISIANA LEVEE DISTRICT**
**STATE OF LOUISIANA**
Schedule of Employer Contributions
For the Three Years Ended June 30, 2017

| Date | Contractually Required Contribution[1] | Contributions in Relation to Contractually Required Contribution[2] | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll[3] | Contributions as a % of Covered Employee Payroll |
|---|---|---|---|---|---|
| 2017 | 209,923 | 165,537 | 44,386 | 489,007 | 34% |
| 2016 | 103,071 | 173,299 | (70,228) | 459,639 | 38% |
| 2015 | 118,467 | 147,480 | (29,013) | 449,176 | 33% |

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

*For reference only:*
1 *Employer contribution rate multiplied by employer's covered employee payroll.*
2 *Actual employer contributions remitted to LASERS.*
3 *Employer's covered employee payroll amount for the fiscal years presented.*

**Notes to Required Supplementary Information**
**For the Year Ended June 30, 2017**

*Changes of Benefit Terms*
- A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session, and,
- Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015 by Act 648 of 2014.

*Changes of Assumptions*
There were no changes of benefit assumptions for the three years ended June 30, 2017.

# SUPPLEMENTAL SCHEDULES AND INFORMATION

**FIFTH LOUISIANA LEVEE DISTRICT**
**STATE OF LOUISIANA**
**SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS**
**JUNE 30, 2017**

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, 2017.

| Name | Amount |
|---|---|
| Barry Maxwell | 1,470.00 |
| John David Frith | 735.00 |
| Jack M. Varner, Jr. | 735.00 |
| Sam Hill | 945.00 |
| Pat Mabray | 1,050.00 |
| James E. Kelly, Sr. | 1,050.00 |
| Scott Tiffee | 735.00 |
| Totals | $6,720.00 |

Board President, Reynold Minsky, receives $12,000 per year as salary.

**FIFTH LOUISIANA LEVEE DISTRICT**
**AND WATER CONSERVATION DISTRICT**
**STATE OF LOUISIANA**
**SCHEDULE OF PROFESSIONAL SERVICE PAYMENTS**
**YEAR ENDED JUNE 30, 2017**

| | | | |
|---|---|---|---|
| Bryant Hammett & Assoc. | Mapping | $ | 7,100 |
| MP Mayeux Surveying and and Boundary Consulting | Surveying | | 6,158 |
| Wilbanks Appraisal Co. | Appraisal | | 1,795 |
| | Total | $ | 15,053 |

## FIFTH LOUISIANA LEVEE DISTRICT
## STATE OF LOUISIANA
## SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
## TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
## YEAR ENDED JUNE 30, 2017

**AGENCY HEAD NAME: Reynold Minsky, Pesident**

| PURPOSE | AMOUNT |
|---|---|
| Salary | $ 11,540 |
| Reimbursements - Conferences/Travel | 6,338 |
| Reimbursements -Mileage | 1,735 |
| Total | $ 19,613 |

**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*

To the Board of Commissioners of the
Fifth Louisiana Levee District
State of Louisiana
102 Burnside Drive
Tallulah, Louisiana 71282

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 governmental activities, each major fund, and the aggregate remaining fund information of the Fifth Louisiana Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Fifth Louisiana Levee District's basic financial statements, and have issued my report thereon dated September 7, 2017.

## Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Fifth Louisiana Levee 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 Fifth Louisiana Levee District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Fifth Louisiana Levee 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 Fifth Louisiana Levee 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 one instance of noncompliance that are required to be reported under *Government Auditing Standards* And is included as finding 2017.01 in the schedule of findings and questioned costs.

**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.

John L. McKowen, CPA

John L. McKowen, CPA
September 7, 2017

# FIFTH LOUISIANA LEVEE DISTRICT
# STATE OF LOUISIANA
# SCHEDULE OF FINDINGS AND QUESTIONED COSTS
# YEAR ENDED JUNE 30, 2017

I have audited the financial statements of the Fifth Louisiana Levee District as of and for the year ended June 30, 2017, and have issued my report thereon September 7, 2017. 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, 2017 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 | Deficiency(ies) | □ No |
| | Material Weakness | □ No |
| | Material to F/S | □ No |
| Compliance | Deficiency(ies) | x Yes |
| | Material Weakness | □ No |
| | Material to F/S | □ No |

Federal Awards

N/A

**Section II Financial Statement Findings**

2017.01 Compliance with State Law as it Applies to Capital Leases

*Criteria.* Louisiana Revised Statute 39:1410.60 requires that the State Bond Commission provide consent and approval before any public body borrows money, incurs debt or issues bonds or other evidences of debt, including capital leases.

*Condition.* During the year ended June 30, 2017, the entered into a capital lease without seeking the approval of the Louisiana Bond Commission.

*Cause.* The District did not realize that it needed to seek approval.

*Effect.* The District may not be in compliance with applicable laws.

*Recommendation.* I recommend that the District seek approval of the State Bond Commission prior to entering into capital leases in the future.

*Management's Response.* Management agrees with the finding and will seek the approval of the State Bond Commission prior to entering into any future capital leases.

# FIFTH LOUISIANA LEVEE DISTRICT
# STATE OF LOUISIANA
# SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
# YEAR ENDED JUNE 30, 2017

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

N/A

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

N/A

**Section III** **Management Letter**

None

# OTHER REQUIRED SUPPLEMENTARY INFORMATION

As a component unit of the State of Louisiana, the financial statements of the Fifth Louisiana Levee District are included in Louisiana's Comprehensive Annual Financial Report. Following are the statements being submitted to the Division of Administration. The amounts recorded have been subjected to the same auditing procedures as those recorded in the accompanying financial statements.

All Categories

# ANNUAL FISCAL REPORT (AFR) FOR 2017

**AGENCY:** 20-14-07 - Fifth Louisiana Levee District
**PREPARED BY:** John McKowen
**PHONE NUMBER:** 225-615-7844
**EMAIL ADDRESS:** jlmckowen@cox.net

## STATEMENT OF NET POSITION

| | |
|---|---|
| **ASSETS** | |
| **CURRENT ASSETS:** | |
| CASH AND CASH EQUIVALENTS | 319,559.49 |
| RESTRICTED CASH AND CASH EQUIVALENTS | 0.00 |
| INVESTMENTS | 1,200,505.97 |
| RESTRICTED INVESTMENTS | 0.00 |
| DERIVATIVE INSTRUMENTS | 0.00 |
| RECEIVABLES (NET) | 5,579.98 |
| PLEDGES RECEIVABLE (NET) | 0.00 |
| LEASES RECEIVABLE (NET) | 0.00 |
| AMOUNTS DUE FROM PRIMARY GOVERNMENT | 0.00 |
| DUE FROM FEDERAL GOVERNMENT | 0.00 |
| INVENTORIES | 0.00 |
| PREPAYMENTS | 71,298.70 |
| NOTES RECEIVABLE | 0.00 |
| OTHER CURRENT ASSETS | 0.00 |
| **TOTAL CURRENT ASSETS** | **$1,596,944.14** |
| | |
| **NONCURRENT ASSETS:** | |
| RESTRICTED ASSETS: | |
| CASH | 0.00 |
| INVESTMENTS | 0.00 |
| RECEIVABLES (NET) | 0.00 |
| NOTES RECEIVABLE | 0.00 |
| OTHER | 0.00 |
| INVESTMENTS | 0.00 |
| RECEIVABLES (NET) | 0.00 |
| NOTES RECEIVABLE | 0.00 |
| PLEDGES RECEIVABLE (NET) | 0.00 |
| LEASES RECEIVABLE (NET) | 0.00 |
| CAPITAL ASSETS (NET OF DEPRECIATION & AMORTIZATION) | |
| LAND | 456,761.48 |
| BUILDINGS AND IMPROVEMENTS | 208,204.62 |
| MACHINERY AND EQUIPMENT | 1,169,848.45 |
| INFRASTRUCTURE | 5,640,424.36 |
| INTANGIBLE ASSETS | 0.00 |
| CONSTRUCTION IN PROGRESS | 0.00 |
| OTHER NONCURRENT ASSETS | 0.00 |
| **TOTAL NONCURRENT ASSETS** | **$7,475,238.91** |
| **TOTAL ASSETS** | **$9,072,183.05** |

| | |
|---|---|
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVES | 0.00 |
| DEFERRED AMOUNTS ON DEBT REFUNDING | 0.00 |
| ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS | 0.00 |
| GRANTS PAID PRIOR TO MEETING TIME REQUIREMENTS | 0.00 |
| INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEREE) | 0.00 |
| LOSSES FROM SALE-LEASEBACK TRANSACTIONS | 0.00 |
| DIRECT LOAN ORIGINATION COSTS FOR MORTGAGE LOANS HELD FOR SALE | 0.00 |
| FEES PAID TO PERMANENT INVESTORS PRIOR TO SALE OF MORTGAGE LOANS | 0.00 |
| PENSION-RELATED DEFERRED OUTFLOWS OF RESOURCES | 504,613.00 |
| **TOTAL DEFERRED OUTFLOWS OF RESOURCES** | **$504,613.00** |
| | |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | **$9,576,796.05** |
| | |
| **LIABILITIES** | |
| **CURRENT LIABILITIES:** | |
| ACCOUNTS PAYABLE AND ACCRUALS | 20,568.22 |
| DERIVATIVE INSTRUMENTS | 0.00 |
| AMOUNTS DUE TO PRIMARY GOVERNMENT | 0.00 |
| DUE TO FEDERAL GOVERNMENT | 0.00 |
| AMOUNTS HELD IN CUSTODY FOR OTHERS | 0.00 |
| UNEARNED REVENUES | 0.00 |
| OTHER CURRENT LIABILITIES | 22,609.18 |
| **CURRENT PORTION OF LONG-TERM LIABILITIES:** | |
| CONTRACTS PAYABLE | 0.00 |
| COMPENSATED ABSENCES PAYABLE | 0.00 |
| CAPITAL LEASE OBLIGATIONS | 147,738.60 |
| ESTIMATED LIABILITY FOR CLAIMS | 0.00 |
| NOTES PAYABLE | 0.00 |
| BONDS PAYABLE | 0.00 |
| POLLUTION REMEDIATION OBLIGATIONS | 0.00 |
| OTHER LONG-TERM LIABILITIES | 0.00 |
| **TOTAL CURRENT LIABILITIES** | **$190,916.00** |
| | |
| **NONCURRENT PORTION OF LONG-TERM LIABILITIES:** | |
| CONTRACTS PAYABLE | 0.00 |
| COMPENSATED ABSENCES PAYABLE | 67,945.52 |
| CAPITAL LEASE OBLIGATIONS | 220,105.06 |
| ESTIMATED LIABILITY FOR CLAIMS | 0.00 |
| NOTES PAYABLE | 0.00 |
| BONDS PAYABLE | 0.00 |
| NET OPEB OBLIGATION | 329,276.97 |
| NET PENSION LIABILITY | 2,042,370.00 |
| POLLUTION REMEDIATION OBLIGATIONS | 0.00 |
| OTHER LONG-TERM LIABILITIES | 0.00 |
| UNEARNED REVENUE | 0.00 |
| **TOTAL LONG-TERM LIABILITIES** | **$2,659,697.55** |
| **TOTAL LIABILITIES** | **$2,850,613.55** |
| | |
| **DEFERRED INFLOWS OF RESOURCES** | |
| ACCUMULATED INCREASE IN FAIR VALUE OF HEDGING DERIVATIVES | 0.00 |
| DEFERRED AMOUNTS ON DEBT REFUNDING | 0.00 |
| ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS | 0.00 |
| GRANTS RECEIVED PRIOR TO MEETING TIME REQUIREMENTS | 0.00 |
| SALES/INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEROR) | 0.00 |
| GAINS FROM SALE-LEASEBACK TRANSACTIONS | 0.00 |
| POINTS RECEIVED ON LOAN ORIGINATION | 0.00 |
| LOAN ORIGINATION FEES RECEIVED FOR MORTGAGE LOANS HELD FOR SALE | 0.00 |
| PENSION-RELATED DEFERRED INFLOWS OF RESOURCES | 32,723.00 |
| **TOTAL DEFERRED INFLOWS OF RESOURCES** | **$32,723.00** |
| | |
| **NET POSITION:** | |
| NET INVESTMENT IN CAPITAL ASSETS | 7,107,395.25 |
| RESTRICTED FOR: | |
| CAPITAL PROJECTS | 0.00 |
| DEBT SERVICE | 0.00 |

| | |
|---|---|
| NONEXPENDABLE | 0.00 |
| EXPENDABLE | 0.00 |
| OTHER PURPOSES | 0.00 |
| UNRESTRICTED | $-413,935.75 |
| TOTAL NET POSITION | $6,693,459.50 |

Next (Statement of Activities) Back to AFR Main Screen

All Categories

# ANNUAL FISCAL REPORT (AFR) FOR 2017

**AGENCY:** 20-14-07 - Fifth Louisiana Levee District
**PREPARED BY:** John McKowen
**PHONE NUMBER:** 225-615-7844
**EMAIL ADDRESS:** jlmckowen@cox.net

## STATEMENT OF ACTIVITIES

| | PROGRAM REVENUES | | | |
|---|---|---|---|---|
| EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | NET (EXPENSE) REVENUE |
| 1,811,546.26 | 100.00 | 272,646.26 | 330,943.89 | $-1,207,856.11 |

| | |
|---|---|
| GENERAL REVENUES | |
| PAYMENTS FROM PRIMARY GOVERNMENT | 0.00 |
| OTHER | 1,719,626.30 |
| ADDITIONS TO PERMANENT ENDOWMENTS | 0.00 |
| **CHANGE IN NET POSITION** | $511,770.19 |
| NET POSITION - BEGINNING | $6,181,689.31 |
| NET POSITION - RESTATEMENT | 0.00 |
| **NET POSITION - ENDING** | $6,693,459.50 |

Back (Statement of Net Position) Next Back to AFR Main Screen