GRAVITY DRAINAGE DISTRICT NO. 4
OF CALCASIEU PARISH, LOUISIANA

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT

For the Year Ended December 31, 2016

GRAVITY DRAINAGE DISTRICT NO. 4
OF CALCASIEU PARISH, LOUISIANA
ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2016

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OF CALCASIEU PARISH, LOUISIANA
December 31, 2016

COMMISSIONERS

Donny Greene – President
Mike Wittler – Vice President
Holland Guillory – Secretary- Treasurer
Bill Miller – Member
Bernadette Stevens – Member

ADMINISTRATION OFFICIALS

Miles Lyons – Superintendent
Sandra Echterhoff – Office Manager

LEGAL COUNSEL

Robert Kleinschmidt – Assistant District Attorney

ENGINEER

D.W. Jessen, Jr., P.E.

Langley, Williams & Company, L.L.C.

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ALEXIS H. O'NEAL

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Gravity Drainage District No. 4
of Calcasieu Parish
Calcasieu Parish Police Jury
Lake Charles, Louisiana

We have audited the accompanying financial statements of the governmental activities of Gravity Drainage District No. 4 of Calcasieu Parish, Louisiana, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2016, 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 presentation 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Gravity Drainage District No. 4 of Calcasieu Parish, Louisiana, as of December 31, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The District has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the District's budgetary comparison information on page 34, the Schedule of Employer's Proportionate Share of Net Pension Liability on page 35, and the Schedule of Employer Contribution on page 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gravity Drainage District No. 4 of Calcasieu Parish's basic financial statements. The schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly 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 our opinion, the schedule of compensation, benefits and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our 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 District's internal control over financial reporting and compliance.

This report is intended solely for the information and use of management, and Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Langley, Williams & Co., LLC

Lake Charles, Louisiana
June 7, 2017

GRAVITY DRAINAGE DISTRICT NO. 4
OF CALCASIEU PARISH, LOUISIANA

STATEMENT OF NET POSITION
December 31, 2016

ASSETS		
Cash and cash equivalents	$	2,304,037
Investments		11,051,054
Ad valorem taxes receivable, net of allowance for doubtful accounts of $43,316		4,714,139
Other receivables		18,814
Prepaid assets		240,845
Capital assets, net		14,927,427
Total assets		33,256,316
DEFERRED OUTFLOWS OF RESOURCES		
Pension related		307,461
Total assets and deferred outflows of resources	$	33,563,777
LIABILITIES		
Accounts payable	$	67,534
Contracts payable		20,740
Other current liabilities		32,582
Long-term liabilities:		
Due after one year		27,328
Net pension liability		192,973
Total liabilities		341,157
DEFERRED INFLOWS OF RESOURCES		
Pension related		28,968
NET POSITION		
Investment in capital assets		14,927,427
Unrestricted		18,266,225
Total Net Position		33,193,652
Total liabilities, deferred inflows of resources and net position	$	33,563,777

The accompanying notes are an integral part of this statement.

GRAVITY DRAINAGE DISTRICT NO. 4
OF CALCASIEU PARISH, LOUISIANA

STATEMENT OF ACTIVITIES
For the Year Ended December 31 2016

Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
Drainage	$ 2,426,994	$ -	$ -	$ (2,426,994)
Administration	437,052	-	-	(437,052)
Total governmental activities	$ 2,864,046	$ -	$ -	(2,864,046)
General revenues:				
Ad valorem taxes				4,579,819
State revenue sharing				76,026
Interest income				5,835
Investment income				70,944
Miscellaneous				1,513
Total general revenues				4,734,137
Change in net position				1,870,091
Net position at beginning of year (restated)				31,323,561
Net position at end of year				$ 33,193,652

The accompanying notes are an integral part of this statement.

GRAVITY DRAINAGE DISTRICT NO. 4
OF CALCASIEU PARISH, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2016

	General Fund
ASSETS	
Cash and cash equivalents	$ 2,304,037
Investments	11,051,054
Ad valorem taxes receivable, net of allowance for doubtful accounts of $48,099	4,714,139
Other receivables	18,814
Prepaid assets	240,845
Total assets	$ 18,328,889
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 67,534
Contracts payable	20,740
Other current liabilities	32,582
Total liabilities	120,856
Fund balance:	
Unassigned	18,208,033
Total liabilities and fund balance	$ 18,328,889

The accompanying notes are an integral part of this statement.

GRAVITY DRAINAGE DISTRICT NO. 4
OF CALCASIEU PARISH, LOUISIANA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS- TO THE STATEMENT OF NET POSITION
December 31, 2016

FUND BALANCE OF GOVERNMENTAL FUNDS		$ 18,208,033
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Certain long-term assets are not reported in the fund financial statements because they are not available to pay currrent-period expenditures, but the are reported as assets in the statement of net position.		
Deferred outflows - pension related		307,461
Capital asset used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consists of:		
Cost of capital assets	$ 26,655,746	
Less - accumulated depreciation	(11,728,319)	
		14,927,427
Long-term liabilties are not reported in the fund financial statements because they are not due and payable in the current-period, but they are present as liabilities in the statement of net position.		
Long-term liabilites at December 31, 2016		
Other post retirement benefits	(27,328)	
Net pension liability	(192,973)	
Deferred inflows - pension related	(28,968)	
		(249,269)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 33,193,652

The accompanying notes are an integral part of this statement.

GRAVITY DRAINAGE DISTRICT NO. 4
OF CALCASIEU PARISH, LOUISIANA

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended December 31, 2016

	General Fund
Revenue:	
Ad valorem taxes	$ 4,579,819
State revenue sharing	76,026
Interest income	5,835
Investment gain	70,944
Intergovernmental revenue	112,924
Miscellaneous	1,513
Total revenues	4,847,061
Expenditures:	
Current:	
Administrative	
Salaries and benefits	148,121
Materials	34,497
Operating services	29,919
Other program expenses	131,535
Drainage and flood control:	
Salaries and benefits	817,097
Operating services	897,027
Materials and supplies	172,505
Capital outlay	933,139
Total expenditures	3,163,840
Excess of revenues and over expenditures	1,683,221
Fund balance at beginning of year	16,524,812
Fund balance at end of year	$ 18,208,033

The accompanying notes are an integral part of this statement.

GRAVITY DRAINAGE DISTRICT NO. 4
OF CALCASIEU PARISH, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

Total net change in fund balances - governmental fund-per the Statement of Revenues, Expenditures, and Changes in Fund Balance		$ 1,683,221
Amounts reported for governmental activities in the Statement of Activities are different because:		
Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities.		
Non-employer contributions to cost-sharing pension plan		5,334
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.		
Capital asset purchases	933,139	
Reimbursement for capital asset purchased	(112,460)	
Depreciation expense	(619,629)	
		201,050
Government funds do not report changes in long-term liabilities as expenditures. However, the following changes in long-term liabilities to appear in the Statement of Activities since the liabilities are reported on the Statement of Net Position		
Change in other post retirement benefits	(9,741)	
Pension contribution subsequent to the meaurement date	76,321	
Pension expense	(86,094)	
		(19,514)
Change in net position of governmental activities		$ 1,870,091

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Gravity Drainage District No. 4("District"), a component unit of the Calcasieu Parish Police Jury, is responsible for maintenance of certain natural drainage laterals located in Ward 3, Calcasieu Parish. The District is authorized by R.S. 38:1751 to establish policies and regulations for its own government consistent with the laws of the State of Louisiana. The Drainage Board is comprised of 5 members who are appointed by the Calcasieu Parish Police Jury for terms of four years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Calcasieu Parish Police Jury is the financial reporting entity for Calcasieu Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Calcasieu Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and

    a. The ability of the police jury to impose its will on that organization and/or

    b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

B. REPORTING ENTITY – (Continued)

Because the police jury financial statements would be misleading if data of the organization were not included because of the nature or significance of the relationship, the District was determined to be a component unit of the Calcasieu Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District's basic financial statements include both government-wide and fund financial statements.

A. Government-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS – (Continued)

B. Governmental Fund Financial Statements – (Continued)

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues, investment earnings, and interest. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The General Fund is the District's operating fund. It accounts for all financial resources of the District.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

D. BUDGETS AND BUDGETARY ACCOUNTING

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund with a legally adopted budget.

For further information regarding the District's budget process see Note 11.

E. CASH, CASH EQUIVALENTS AND INVESTMENTS

The District follows the practice of pooling cash and investments of all funds. For financial statement purposes, the District's cash and cash equivalents are considered cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. CASH, CASH EQUIVALENTS AND INVESTMENTS – (Continued)

Louisiana state statutes, as stipulated in R.S. 33:2955, authorize the District to invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The state statutes also authorize the District to invest in any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. In addition the District is authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by the initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investing is performed in accordance with investment policies complying with State Statutes and those adopted by the Board of Commissioners.

Investments are reported at fair value except for LAMP investments, which are stated at cost, which approximates market and is equal to the value of the pool shares. Fair value was determined by obtaining "quoted" year end market prices.

For further information regarding the District's cash and investment programs see Note 2 and 3.

F. CAPITAL ASSETS

Capital assets are reported in the governmental columns in the government-wide financial statements. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than $2,000.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Description	Estimated Lives
Buildings and building improvements	15 to 40 years
Improvements, other than buildings	5 to 40 years
Furniture and fixtures	3 to10 years
Machinery and equipment	3 to 15 years
Infrastructure	15 to 40 years

In the governmental fund financial statements, the costs associated with the acquisitions or construction of capital assets are shown as expenditures. Capital assets are not shown on the governmental fund balance sheets.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. LONG-TERM DEBT

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consist of other post retirement benefits.

H. VACATION AND SICK LEAVE

Substantially all employees earn five to twenty days of vacation leave each year depending on length of service with the District. Generally, vacation leave cannot be accumulated. However, vacation leave is allowed to be carried forward for the Superintendent, the Assistant Superintendent and the Office Manager, however, the liability is not considered by management to be material and the liability has not been accrued.

All District employees earn twelve and one-half hours of sick leave per month. Sick leave can be accumulated without limitation. Upon retirement, all unused sick leave is used in the retirement benefit computation as earned service.

Upon resignation, unused sick leave is forfeited and unused vacation leave must be taken and may not be settled in cash. Because these liabilities will not be settled in cash, they are not included in the financial statements.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank accounts and short-term investments. At December 31, 2016, the district has cash and cash equivalents (book balances) totaling $2,304,037 (See Note 1-F for additional disclosures.)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned. Deposits are exposed to custodial credit risk if they are either (a) uninsured and uncollateralized or (b) uninsured and collateralized with securities held by the pledging financial institution or its trust department/agent but not in the name of the District. The District's cash and investment policy, as well as state law, require that deposits be fully secured by federal deposit insurance or the pledge of securities owned by the bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount of deposit with the bank.

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. At December 31, 2016, the district has $2,307,980 in deposits (collected bank balances) that were secured from risk by $250,000 of federal deposit insurance and $2,303,061 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

3. INVESTMENTS

Investments are stated at fair market value. (See Note 1-F for additional investment disclosure.)

The District has entered into an agreement with the Calcasieu Parish Police Jury whereby the Police Jury provides investment management services. At December 31, 2016, the fair value of the District's investment in U.S. agency securities was $6,955,965.

Credit Risk – Investments

Investments permitted by state statute included obligations issued, insured or guaranteed by the U.S. government including certificates or other evidences of ownership interest in such obligations and/or investments in registered mutual or trust funds consisting solely of U.S. government securities. It is the policy of the District to limit its investment program to purchases of U.S. Treasury and government agency obligations as well as investments in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana which operates a local government investment pool. LAMP has a Standard & Poor's Rating of AAAm. At December 31, 2016, the weighted-average yield on the deposits at LAMP was 0.22% and the weighted-average maturity was less than 90 days.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of the investment. Investments are exposed to custodial credit risk if the securities are (a) uninsured and unregistered and held by the counterparty or (b) uninsured, unregistered and held by the counterparty's trust department or agency but not in the name of the District.

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3. INVESTMENTS – (Continued)

The following chart presents the investment position of the District as of December 31, 2016. The various types of investments are listed and presented by whether they are exposed to custodial credit risk.

Investment	Uninsured, unregistered and Held by the Counterparty	Uninsured Unregistered and Held by the Counterparty's Trust Dept. or Agent but not in the Entity's Name	All Investments-Reported Amount	All Investments-Fair Value
U.S. Agency Obligations	$ -	$ -	$ 6,955,965	$ 6,955,965
LAMP	-	-	595,089	595,089
Certificate of Deposits	-	-	3,500,000	3,500,000
	$ -	$ -	$ 11,051,054	$ 11,051,054

Interest Rate Risk - Investments

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. Investments can be highly sensitive to changes in interest rates due to their terms or characteristics. The District's investment policy with regards to interest rate risk is to match cash flow requirements with cash flows from investments. This matching allows for securities to be held to maturity thereby avoiding realizing losses due to the liquidation of securities prior to maturity, especially in a rising interest rate environment. Investing in longer term maturities that contain a "step up" in coupon interest rates will also contribute to the reduction of interest rate risk.

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3. INVESTMENTS – (Continued)

Investments, classified by maturity dates, at December 31, 2016 are summarized below:

Investment	Uninsured, unregistered and Held by the Counterparty	Uninsured Unregistered and Held by the Counterparty's Trust Dept. or Agent but not in the Entity's Name	All Investments-Reported Amount	All Investments-Fair Value
U.S. Agency Obligations	$ -	$ -	$ 6,955,965	$ 6,955,965
LAMP	-	-	595,089	595,089
Certificate of Deposits	-	-	3,500,000	3,500,000
	$ -	$ -	$ 11,051,054	$ 11,051,054

4. AD VALOREM TAXES

Accounting principles generally accepted in the United States of America for government prescribe a modified accrual basis to be applied to property tax revenues. An assessment is made to finance the budget of a particular period and the revenue produced from any property tax assessment should be recognized in the fiscal period for which it was provided (budgeted) and for which the collections are reasonably available. Expected collections and collections of the 2016 levy are accrued as receivable and as revenue in the current year (2016). For budget purposes, property taxes collected in 2016 are designated as revenue appropriable in the 2016 budget year.

For the year ended December 31, 2016, taxes of 5.790 mills were levied on property with assessed valuations totaling approximately $799,465,860. Total taxes levied for the year ended December 31, 2016 were $4,628,979.

During the year, the tax assessor made adjustments to previous year taxpayer valuations and decreased a total of $35,607 worth of taxes. This amount was netted with current year ad valorem taxes along with $4,783 that management deemed necessary to adjust their allowance for uncollectible.

Property tax millage rates are adopted in June for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

The parish bills and collects its property taxes using the assessed values determined by the Calcasieu Parish Tax Assessor.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance 1/1/16	Additions	Deletions	Balance 12/31/16
Governmental activities:				
Land	$ 589,722	$ 194,775	$ -	$ 784,497
Buildings	136,667	-	-	136,667
Furniture and fixtures	45,109	-	-	45,109
Light equipment	357,149	119,310	-	476,459
Heavy equipment	1,601,362	71,433	-	1,672,795
Infrastructure	23,032,502	356,625	-	23,389,127
Construction in progress	72,558	110,009	31,474	151,093
Total at historical cost	25,835,069	852,152	31,474	26,655,747
Less accumulated depreciation:				
Buildings	37,837	4,594	-	42,431
Furniture and fixtures	42,699	1,092	-	43,791
Light equipment	233,587	22,922	-	256,509
Heavy equipment	953,505	85,023	-	1,038,528
Infrastructure	9,841,063	505,998	-	10,347,061
Total accumulated depreciation	11,108,691	619,629	-	11,728,320
Governmental activities capital assets, net	$ 14,726,378	$ 232,523	$ 31,474	$ 14,927,427

Depreciation expense was $619,629 for December 31, 2016.

6. OTHER POSTEMPLOYMENT BENEFITS

In 2008, the Police Jury implemented Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB). This Statement addresses the fact that certain postemployment benefits other than pensions, which for the Police Jury consist of healthcare benefits only, are related to employee services and salaries received presently but that will benefit the employee in the future - upon retirement and whose costs will be borne by the Police Jury in the future. This Statement attempts to quantify the future "retirement" costs that have been earned by the employee during his active years of employment. The Police Jury will finance the postemployment benefits on a "pay-as-you-go" basis. Accordingly, a liability is recognized in the financial statements for the actuarial determined amount of postemployment benefits that are associated with the normal costs of benefits attributable to service in the current year as well as an amortization of any unfunded actuarial accrued liability for costs of benefits associated with prior years of employment.

6. OTHER POSTEMPLOYMENT BENEFITS – (Continued)

The notes to the financial statements contain other required disclosure information such as the estimated costs today of providing the postemployment benefits to all of your current employees once they retire not just the liability referred to above that is actually recognized in the Statement of Net Position. The plan is required to have an Actuarial evaluation every two years. Some information furnished below if from the most current actuarial evaluation done April 28, 2017. The Police Jury contracted with a third party consultant to perform the actuarial valuation required by GASB Statement No. 45 as of January 1, 2008, January 1, 2010, January 1, 2012, January 1, 2014, and January 1, 2016. Since GASB Statement No. 45 requires valuations every other year for plan memberships exceeding 200, the actuarial valuations prepared will be utilized for the two year periods of 2008 and 2009, 2010 and 2011, 2012 and 2013, 2014 and 2015, and 2016 with the inclusion of the appropriate second year adjustments.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Plan Description: The District's OPEB Plan is a single employer defined benefit "substantive" plan as understood by the employer and its employees. All of the employees of the District's primary government and the following discretely presented component units may at their option participate in the employee's group health, dental and life insurance programs sponsored and administered by the Police Jury in conjunction with its third party insurance providers and administrative agents.

In addition to the option to participate in the group health, dental and life plans during employment, at retirement, employees who have twenty (20) years of cumulative service will be eligible for certain retiree benefits if hired after January 1, 2007. Employees hired prior to January 1, 2007 must have ten (10) years of cumulative service to be eligible for any retiree benefits. The Gravity Drainage currently offers its retirees the option to elect to participate in the health, dental and life plans. While there is no specific written plan or trust for the Gravity Drainage OPEB plan alone and therefore no separate annual report is issued, the Gravity Drainage has reported this plan information based on communications to plan members via the written health plan maintained by the Police Jury. Any amendments to the general health plan as related to types of benefits offered are required to be approved by Police Jury management before being distributed to Plan members.

Funding Policy: The contribution requirements of the retirees and the participating employers are established in the annual operating budget and may be amended in subsequent years with the approval of Police Jury management. As stated previously, the required contribution is based on projected "pay-as-you-go" financing requirements. The employer contribution to the OPEB plan for 2016 was $7,938 for the District. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly which for 2016 consisted of $502 per month if under age 65, $375 per month if subject to Medicare Supplement Part A, or $262 per month if subject to Medicare Supplements Parts A & B.

6. OTHER POSTEMPLOYMENT BENEFITS – (Continued)

Actuarial Methods and Assumptions: 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 the plan members. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, the actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit actuarial cost method was used for the January 1, 2008, January 1, 2010, January 1, 2012, January 1, 2014, and January 1, 2016 actuarial valuations. Because the government currently finances OPEB using a "pay-as-you-go" approach, the discount rate is based on the historical and future investment yields that are expected to be used in financing the payment of benefits. The actuarial assumptions for all four valuations included a 4% investment rate of return, compounded annually. Life expectancies for the 2016 actuarial valuation report were based on the RP 2014 Healthy Male and Female Tables which the 2008, 2010, 2012 and 2014 valuation reports used the RP 2000 tables. Turnover rates for both valuation reports were based on the Parish's historical data and modified based on years of employment.

For the January 1, 2016 actuarial valuation, claim costs were developed for pre-65 and post-65 retirees' costs. Costs were developed based on the current fully insured equivalency rates with costs adjusted for aging since the underlying premium rates are not community rated. This basis was used for the calculation of the present value of total benefits to be paid for retiree coverage. The 2016 actuarial valuation assumed a healthcare cost inflation rate of 10% decreasing to an ultimate rate of 5% in 2023 and beyond. A 1% inflation factor was utilized each year. The 2016 actuarial valuation also assumes that (1) the member's current marital status and whether spousal coverage is elected will remain unchanged at retirement, (2) female spouses are assumed to be three years younger than male employees and male spouses are assumed to be three years older than female employees, (3) employees electing single coverage as active employees are assumed to continue with single coverage at retirement and employees electing family coverage as active employees are assumed to continue family coverage as retirees and (4) 100% of employees will elect Medicare coverage when they are first eligible. The amortization method for the plan is level dollar with a thirty year open amortization period. The remaining amortization period at January 1, 2016 was twenty-one years.

Annual OPEB Cost and Net OPEB Obligation: The District's annual OPEB cost (expense) was calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. Trend information has been disclosed below for 2016. The ARC was calculated as part of the January 1, 2016 actuarial valuations performed by outside actuary consultants.

6. OTHER POSTEMPLOYMENT BENEFITS – (Continued)

The following table shows the components of the District's annual OPEB costs for the current year and the amount actually contributed to the plan during the year:

Annual required contribution	$	10,623
Interest on Net OPEB Obligation		703
Adjustment to ARC		6,353
Annual OPEB Cost		17,679
Less: Contributions		(7,938)
Increase in Net OPEB Obligation		9,741
Beginning Net OPEB Obligation, January 1, 2016		17,587
Ending Net OPEB Obligation, December 31, 2016	$	27,328

The District's annual OPEB cost contributed to the plan using the pay-as-you-go method and the net OPEB obligation for the fiscal year ended December 31, 2016 was as follows:

Fiscal Year End	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2016	$ 17,679	44.90%	$ 27,328
December 31, 2015	$ 4,410	84.92%	$ 17,587
December 31, 2014	$ 23,313	27.41%	$ 16,922

Funding Status and Funding Progress: During the fiscal year 2016, the District did not establish a fund for trusts to accumulate and invest assets necessary to pay for the accumulated liability; these financial statements assume the pay-as-you-go funding will continue. The District's actuarial accrued liability of $208,557 was unfunded.

The funded status of the plan, as determined by an actuary as of December 31, 2016 was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a %age of Covered Payroll
12/31/2016	$ -	$ 208,557	$ 208,557	0.00%	$ 663,799	31.42%
12/31/2014	$ -	$ 275,384	$ 275,384	0.00%	$ 549,207	50.14%

7. RETIREMENT SYSTEMS

Substantially all employees are members of the Parochial Employees' Retirement System ("PERS") of Louisiana. This retirement system is operated by a Board of Trustees, an Administrative Director, an Actuary and a Legal Advisor.

7. RETIREMENT SYSTEMS – (Continued)

The District implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the District to record it proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

Plan Description:

The PERS is a cost-sharing multiple employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the state of Louisiana or any governing body or a parish which employs and pays persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date.

Retirement Benefits:

Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hire prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

7. RETIREMENT SYSTEMS – (Continued)

Disability Benefit:

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

Deferred Retirement Option Plan:

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

7. RETIREMENT SYSTEMS – (Continued)

Cost of Living Adjustments:

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions:

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2015, the actuarially determined contribution rate was 10.40% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2015 was 14.50% for Plan A. The actual rate differs actuarially required rate due to state statutes that require the contribution rate to be calculated and set two years prior to the year effective.

Non-employer Contributions:

According to state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

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

At December 31, 2016, the District reported a liability of $192,973 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2015, the District's proportion was 0.07331%, which was a decrease of 0.03478% from its proportion measured as of December 31, 2014.

7. RETIREMENT SYSTEMS – (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued):

For the year ended December 31, 2016, the District recognized pension expense of $86,094. The District recognized revenue of $5,334 as its proportionate share of non-employer contributions for the year ended December 31, 2015.

At December 31, 2016, the District 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	$ -	$ 30,669
Change of assumptions	42,997	-
Net difference between projected and actual earnings on pension plan investments	176,576	-
Change in proportion and differences between employer contributions and proportionate share of contributions	11,567	(1,701)
Employer contributions subsequent to the measurement date	76,321	-
Total	$ 307,461	$ 28,968

The $70,993 reported as deferred outflow of resources related to pension contributions made subsequent to the measurement period of December 31, 2015 which will be recognized as a reduction in net pension liability in the year ended December 31, 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:

For the year ending December 31,	
2017	$ 57,199
2018	59,987
2019	41,989
2020	-
	$ 159,175

7. RETIREMENT SYSTEMS – (Continued)

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2015 is as follows:

Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.0%, net of investment expense
Projected salary increases	5.25% (2.50% inflation, 2.75% merit)
Mortality	RP-2000 Employee Mortality Table was selected for active members. RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Cost of Living Adjustment	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.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the PERS's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

7. RETIREMENT SYSTEMS – (Continued)

Actuarial Assumptions – (Continued):

The discount rate used to measure the total pension liability was 7.00% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, PERS'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.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates 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 rates 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 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.55% for the year ended December 31. 2015.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Fixed income	34%	1.06%
Equity	51%	3.56%
Alternative	12%	0.74%
Real assets	3%	0.19%
Total	100%	5.55%
Inflation		2.00%
Expected Arthmetic Nominal Return		7.55%

7. RETIREMENT SYSTEMS – (Continued)

Sensitivity to Change in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate:

	Change in Discount Rate: 2015		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportinate share of the net pension liability	$ 483,467	$ 192,973	$ (52,530)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued Systems financial report.

Payables to the Pension Plan:

As of December 31, 2016, the District had a payable to the System in the amount of $15,847 which is recorded in other current liabilities.

8. EMPLOYEE BENEFIT PLAN

The District maintains a medical and death benefits plan covering substantially all employees of the District. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and is funded through contributions made by the District through premiums and expenditures made by the District. Effective October 1, 2001, the District changed its medical benefits plan to provide medical benefits through a health insurance policy for which the District is responsible for the premium costs only.

The plan provides benefits that cover permanent, full-time employees of the District who choose to participate following the employee waiting period. The employee waiting period for all new employees is the first of the month following three months of full-time employment. Employees are not required to contribute to the plan in order to participate. The plan also provides continuation coverage as required by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) for qualified beneficiaries who would otherwise have lost coverage under the plan.

8. EMPLOYEE BENEFIT PLAN – (Continued)

Although it has not expressed intent to do so, the District has the right to discontinue its contributions at any time and to terminate the plan subject to the provisions of ERISA.

9. BAD DEBTS

Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Tax revenue is shown net of the change in estimated uncollectible taxes of $4,783.

10. SCHEDULE OF COMMISSIONERS' COMPENSATION

Comissioner:		
Charles Dansby	$	1,200
Donny Greene		4,800
Holland Guillory		4,800
Bill Miller		4,300
Mike Wittler		1,600
Bernadette Stevens		4,800
Total	$	21,500

Commissioners are compensated at the rate of $400 per month.

11. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The appropriated budget is prepared by fund and function. The proposed budget is presented to the District's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from, or change appropriations, but may not change form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Encumbrance accounting is not used.

12. LEASES

The District is committed under various noncancelable operating leases, primarily for equipment. Some of these leases are month to month and no longer than 12 months. Future minimum operating lease commitments that are long-term are as follows:

2017		82,468
2018		82,468
2019		15,346
Total	$	180,282

Rent expenditures were $101,027 for the years ending December 31, 2016.

13. COMMITMENTS

In the normal course of business, the District has approved funding of various projects that have been started in 2016 or that will be to be started throughout 2017.

The District's total remaining commitment for the projects at December 31, 2016 is $1,011,855.

14. SUBSEQUENT EVENTS

Management of the District has evaluated its December 31, 2016 financial statements for subsequent events through June 8, 2017, the date the financial statements were available to be issued. Management is not aware of any subsequent events which would require recognition of disclosure in the financial statements.

Required Supplemental Information

GRAVITY DRAINAGE DISTRICT NO. 4
OF CALCASIEU PARISH, LOUISIANA

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE (GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenue:				
Ad valorem taxes	$ 3,748,183	$ 4,100,000	$ 4,579,819	$ 479,819
State revenue sharing	103,593	80,000	76,026	(3,974)
Interest income	56,965	35,000	5,835	(29,165)
Investment earnings	42,010	35,004	70,944	35,940
Intergovernmental	17,490	-	112,924	112,924
Proceeds from sale of assets	54,517	54,517	-	(54,517)
Miscellaneous	1,554	-	1,513	1,513
Total revenues	4,024,312	4,304,521	4,847,061	542,540
Expenditures:				
Current:				
Administrative				
Salaries and benefits	129,237	155,495	148,121	7,374
Operating services	70,078	70,987	29,919	41,068
Materials and supplies	45,270	38,295	34,497	3,798
Other program expenses	111,481	111,481	131,535	(20,054)
Drainage and flood control:				
Salaries and benefits	712,922	857,777	817,097	40,680
Operating services	2,101,055	2,128,329	897,027	1,231,302
Materials and supplies	226,378	191,500	172,505	18,995
Capital outlay	543,364	735,895	933,139	(197,244)
Total expenditures	3,939,785	4,289,759	3,163,840	1,125,919
Excess (deficit) of revenue over expenditures - budget basis	84,527	14,762	1,683,221	1,668,459
Fund balance at beginning of year	16,524,812	16,524,812	16,524,812	-
Fund balance at end of year	$ 16,609,339	$ 16,539,574	$ 18,208,033	$ 1,668,459

GRAVITY DRAINAGE DISTRICT NO. 3
OF CALCASIEU PARISH, LOUISIANA

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
For the Year Ended December 31, 2016

Fiscal Year	Employers Proportion of the Net Pension Liability (Assets)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate share of the Net Pension Liability (Asset) as a Percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.073310%	$ 192,973	$ 639,916	30.1560%	92.2301%
2015	0.108940%	$ 29,554	$ 528,214	5.5951%	99.1464%

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

GRAVITY DRAINAGE DISTRICT NO. 3
OF CALCASIEU PARISH, LOUISIANA

SCHEDULE OF EMPLOYER CONTRIBUTION
For the Year Ended December 31, 2016

Fiscal Year	Contractually required contribution	Contribution in relation to contractually required contributions	Contribution deficiency (excess)	Employer's Covered Employee Payroll	Contribution as a % of Covered Employee Payroll
2016	$ 83,189	$ 83,189	$ -	$ 639,916	13.000%
2015	$ 76,591	$ 76,591	$ -	$ 528,214	14.500%

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

Other Supplemental Information

GRAVITY DRAINAGE DISTRICT NO. 4
OF CALCASIEU PARISH, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
For the Year Ended December 31, 2016

Agency Head Name: Donny Greene

Purpose	Amount
Salary	$ 0
Benefits	0
Per Diem	4,800
Travel	0
Other	0
	$ 4,800

Langley, Williams & Company, L.L.C.

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ALEXIS H. O'NEAL

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

Board of Commissioners
Gravity Drainage District No. 4
of Calcasieu Parish
Lake Charles, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Gravity Drainage District No. 4 of Calcasieu Parish as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise of the District's basic financial statements and have issued our report thereon dated June 8, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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 important enough to merit attention by those charged with governance.

Our 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior audit findings and corrective action plan that we consider to be significant deficiencies. We consider items 16-01(IC) and 16-02(IC) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior audit findings and corrective action plan. This instance is identified as 16-01(C).

Gravity Drainage District No.4 of Calcasieu Parish's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report is intended solely to describe the scope of our 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 performed 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.

Langley, Williams & Co., L.L.C.

Lake Charles, Louisiana
June 8, 2017

GRAVITY DRAINAGE DISTRICT NO. 4
OF CALCASIEU PARISH, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

Section I - Summary of Audit Results

<u>Financial Statements</u>

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

Gravity Drainage District No. 4
of Calcasieu Parish, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan

For the Year Ended December 31, 2016

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Current year (12/31/2016)						
Internal Control:						
16- 01 (IC)	Unknown	Gravity Drainage District No. 4 did not have adequate segregation of duties within the accounting system.	No	The District's management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible. No plan is considered necessary.	Sandra Echterhoff	NA
16- 02 (IC)	2007	Gravity Drainage District No. 4 does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.	No	The District's management has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with (GAAP) and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Sandra Echterhoff	NA
Compliance:						
16- 01 (C)	2016	For the year ended December 31, 2016, the District had one project that did not follow the requirement that public works be advertised and let be contracted to the lowest responsible and responsive bidder. R.S. 38:2212(V)		All board memebers were given a copy of the Louisiana Public Bid Law for review. They will monitor all planned projects carefully and make sure that they are in compliance with the Louisiana Bid Law.	Sandra Echterhoff	6/7/2017

Gravity Drainage District No. 4
of Calcasieu Parish, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan - Continued

For the Year Ended December 31, 2015

Prior year (12/31/15)

Internal Control:						
15- 01 (IC)	Unknown	Gravity Drainage District No. 4 did not have adequate segregation of duties within the accounting system.	No	The District's management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible. No plan is considered necessary.	Sandra Echterhoff	NA
15- 02 (IC)	2007	Gravity Drainage District No. 4 does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.	No	The District's management has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with (GAAP) and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Sandra Echterhoff	NA
Compliance:						
		There were no matters involving compliance to be reported.				