

GRAVITY DRAINAGE DISTRICT NO. 5
OF CAMERON PARISH
GRAND CHENIER, LOUISIANA

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2016

CONTENTS

	PAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
INDEPENDENT AUDITORS' REPORT	7-9
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of net position	11
Statement of position	12
FUND FINANCIAL STATEMENTS	
Balance sheet-governmental fund	14
Reconciliation of the balance sheet-government fund to the statement of net position	15
Statement of revenues, expenditures and changes in fund balance – governmental fund	16
Reconciliation of the statement of revenues, expenditures, and changes in fund balance-governmental fund to the statement of activities	17
NOTES TO BASIC FINANCIAL STATEMENTS	18-23
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary comparison schedule-general fund	25
OTHER INFORMATION	
Schedule of compensation, benefits and other payments to chief executive officer	27
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	28-29
SCHEDULE OF FINDINGS AND RESPONSES	30-31

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH

Management's Discussion and Analysis

Within this section of the Gravity Drainage District No. 5 of Cameron Parish's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2016. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The District's assets in excess of its liabilities by \$1,623,133 (net position) for the fiscal year reported.
- Total revenues of \$531,400 were in excess of total expenditures of \$365,295, which resulted in a current year surplus of \$166,105, compared to prior year surplus of \$99,963.
- Total net position is unrestricted.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is presented.

Government-Wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the District's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base, or the condition of District infrastructure in addition to the financial information provided in this report.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH

Management's Discussion and Analysis (Continued)

The second government-wide statement is the *Statement of Activities*, which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by property taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include principally general government and maintenance.

The government-wide financial statements are presented on pages 11 and 12 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The District has one kind of fund:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 14 through 17 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH

Management's Discussion and Analysis (Continued)

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. These statements and schedules demonstrate compliance with the District's adopted and final revised budget. Required supplemental information can be found on page 25 of this report.

Financial Analysis of the District as a Whole

The District's net position at fiscal year-end is \$1,623,133. The following table provides a summary of the District's net position:

	<u>2016</u>	<u>2015</u>
Assets:		
Current assets	\$ 1,623,133	\$ 1,539,597
Liabilities:		
Current liabilities	<u> -</u>	<u> 82,569</u>
Net position:		
Unrestricted	<u>\$ 1,623,133</u>	<u>\$ 1,457,028</u>

The District reported positive balances in net position, which increased by \$166,105. The District's overall financial position did improve during the fiscal year 2016, mainly due to ad valorem tax revenue.

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

	<u>2016</u>	<u>2015</u>
Revenues	\$ 531,400	\$ 1,128,211
Expenses		
Maintenance	319,190	1,026,504
Administration	<u>46,105</u>	<u>1,744</u>
Total Expenses	<u>365,295</u>	<u>1,028,248</u>
Change in Net Position	166,105	99,963
Beginning Net Position	<u>1,457,028</u>	<u>1,357,065</u>
Ending Net Position	<u>\$ 1,623,133</u>	<u>\$ 1,457,028</u>

Governmental Revenues

The District is heavily reliant on property taxes to support governmental operations. Property taxes, excluding grants and intergovernmental revenues, provided 99% (99% for 2015) of the District's total revenues. As a result, the general economy and the local businesses have a major impact on the District's revenue streams.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH

Management's Discussion and Analysis (Continued)

Budgetary Highlights

The General Fund – When the original budget was adopted, it was anticipated that the total revenues were going to be \$131,242 less than the prior year, mainly due to FEMA revenues and expenditures were anticipated to be \$490,008 less than the previous fiscal year, mainly due to maintenance projects. The budget was amended once during the year.

Capital Assets and Debt Administration

The District has neither capital assets nor debt.

Economic Conditions Affecting the District

Since the primary revenue stream for the District is property taxes, the District's property tax revenues are subject to changes in the economy.

Contacting the District's Financial Management

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. If you have any questions about this report or would like to request additional information, contact the District's office, Kristin Saltzman, Secretary at (337) 775-5718.



Gragson, Casiday & Guillory, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

April 28, 2017

To the Members of the
Gravity Drainage District No. 5 of Cameron Parish

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Gravity Drainage District No. 5 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Gravity Drainage District No. 5 of Cameron Parish'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.

Auditors' 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 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 auditors' 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.

To the Members of the
Gravity Drainage District No. 5 of Cameron Parish
April 28, 2017
Page Two

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Gravity Drainage District No. 5 of Cameron Parish as of December 31, 2016, and the respective changes in financial position thereof 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 the management's discussion and analysis and the budgetary comparison information on pages 3 through 6 and 25, respectively 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 the 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted principally 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. 5 of Cameron Parish's basic financial statements. The schedule of compensation, benefits and other payments to chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to chief executive officer is the responsibility of management and was 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

To the Members of the
Gravity Drainage District No. 5 of Cameron Parish
April 28, 2017
Page Three

standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to chief executive officer is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2017, on our consideration of Gravity Drainage District No. 5 of Cameron Parish's internal control over financial reporting and our 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 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 Gravity Drainage District No. 5 of Cameron Parish's internal control over financial reporting and compliance.

Gragson Casiday & Guillory

GOVERNMENT-WIDE FINANCIAL STATEMENTS

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH
Grand Chenier, Louisiana

Statement of Net Position

December 31, 2016

ASSETS	
Cash	\$ 910,180
Receivables	
Ad valorem taxes, net	184,072
Intergovernmental - FEMA	<u>528,881</u>
Total assets	<u>1,623,133</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
LIABILITIES	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>
NET POSITION	
Net position - Unrestricted	<u><u>\$ 1,623,133</u></u>

The accompanying notes are an integral part of the basic financial statements.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH
Grand Chenier, Louisiana

Statement of Activities

Year Ended December 31, 2016

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
General government	\$ 46,105	\$ -	\$ -	\$ (46,105)
Drainage work	319,190	-	262,420	(56,770)
Total governmental activities	<u>\$ 365,295</u>	<u>\$ -</u>	<u>\$ 262,420</u>	<u>(102,875)</u>
General Revenues:				
				193,720
				260
				<u>193,980</u>
				91,105
				<u>1,457,028</u>
				<u>\$ 1,548,133</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH
Grand Chenier, Louisiana

Balance Sheet - Governmental Fund

December 31, 2016

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 910,180	\$ 875,243
Receivable - ad valorem taxes, net	184,072	238,605
Receivable - FEMA	528,881	425,749
Total Assets	<u>1,623,133</u>	<u>1,539,597</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
	<u>\$ 1,623,133</u>	<u>\$ 1,539,597</u>
LIABILITIES		
Accounts payable	\$ -	\$ 82,569
Total Liabilities	<u>-</u>	<u>82,569</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>-</u>	<u>-</u>
FUND BALANCES		
Assigned	30,000	30,000
Unassigned	1,593,133	1,457,028
Total Fund Balances	<u>1,623,133</u>	<u>1,487,028</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
	<u>\$ 1,623,133</u>	<u>\$ 1,569,597</u>

The accompanying notes are an integral part of the basic financial statements.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH
Grand Chenier, Louisiana

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

December 31, 2016

Total fund balance for governmental fund at December 31, 2016:	\$ 1,623,133
Total net position reported for governmental activities in the Statement of Net Position is different because:	<u>-</u>
Total net position of governmental activities at December 31, 2016	<u>\$ 1,623,133</u>

The accompanying notes are an integral part of the basic financial statements.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH
Grand Chenier, Louisiana

Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Fund

Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
REVENUES		
Ad valorem taxes (net)	\$ 193,720	\$ 230,657
Interest	260	281
Grants	-	-
Intergovernmental - FEMA	262,420	897,273
Intergovernmental - CPPJ	75,000	-
TOTAL REVENUES	531,400	1,128,211
EXPENDITURES		
General Government		
Advertising	276	498
Election	2,754	-
Insurance	1,186	1,136
Maintenance	319,190	1,007,286
Office expense	384	110
Professional fees	41,505	19,218
Capital outlay	-	-
TOTAL EXPENDITURES	365,295	1,028,248
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	166,105	99,963
FUND BALANCE - BEGINNING	1,457,028	1,357,065
FUND BALANCE - ENDING	\$ 1,623,133	\$ 1,457,028

The accompanying notes are an integral part of the basic financial statements.

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH
Grand Chenier, Louisiana

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance-Governmental Fund to the Statement of Activities

Year Ended December 31, 2016

Total net changes in fund balance at December 31, 2016 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 166,105
The change in net position reported for governmental activities in the in the Statement of Activities is different because:	<u>-</u>
Total changes in net position at December 31, 2016 per Statement of Activities	<u>\$ 166,105</u>

The accompanying notes are an integral part of the basic financial statements.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH
Grand Chenier, Louisiana

Notes to Financial Statements

December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gravity Drainage District No. 5 of Cameron Parish was created on September 9, 1962, as a political subdivision of the State of Louisiana under the provisions of Louisiana Revised Statutes 38:1751-1802, and was established for the purpose of opening and maintaining all natural drains in the District where drainage is accomplished using the natural force of gravity. The District is governed by a board of 5 commissioners who are appointed by the Cameron Parish Police Jury. The commissioners do not receive compensation for serving on the board.

1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Gravity Drainage District No. 5 of Cameron Parish includes all funds, account groups, et cetera, that are within the oversight responsibility of the Gravity District No. 5 of Cameron Parish.

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

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

The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Cameron Parish 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 Cameron Parish Police Jury.
2. Organizations for which the Cameron Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Cameron Parish Police Jury.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature of significance of the relationship.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH
Grand Chenier, Louisiana

Notes to Financial Statements

December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Based upon the application of these criteria, Gravity Drainage District No. 5 of Cameron Parish is a component unit of the Cameron Parish Police Jury's reporting entity.

2. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of services offered by the District; and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

The District has one fund, the General Fund, which is therefore considered its major fund.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH
Grand Chenier, Louisiana

Notes to Financial Statements

December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus

On the government-wide statement of net position and the statement of activities, the activities are presented using the economic resources measurement focus. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, the activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

4. Cash

Cash includes amounts in demand deposits and time deposits 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.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance 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. At December 31, 2016, the District had \$917,559 in deposits (collected bank balances), of which all was secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH
Grand Chenier, Louisiana

Notes to Financial Statements

December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Accounts Receivable

Uncollectible amounts due for other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

6. Budgets

A budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

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

The proposed budget is presented to the government'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 the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level.

7. Equity Classification

In the government-wide statements, equity is classified as net position and displayed in three components:

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

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH
Grand Chenier, Louisiana

Notes to Financial Statements

December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as restricted, assigned and unassigned.

- a. Restricted fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on generally outside actions.
- b. Assigned fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on internal (Board) actions.
- c. Unassigned fund balance – Includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and finally, the unassigned fund balance.

8. Use of Estimates

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

9. Subsequent Events

Management has evaluated subsequent events through April 28, 2017, the date the financial statements were available to be issued.

10. Comparative Data

Comparative totals for the prior have been presented in the accompanying financial statements in order to provide an understanding of charges in the District's financial position and operations.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH
Grand Chenier, Louisiana

Notes to Financial Statements

December 31, 2016

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2016, taxes were levied on taxable assessed valuations of \$30,753,716 at a millage of 6.21.

Property tax millage rates are adopted in July 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 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE D – CONTINGENCIES

Accounts receivable of \$528,881 at December 31, 2016 represents the amounts due from FEMA on project expenditures paid through December 31, 2016.

NOTE E – ASSIGNED FUND BALANCE

In 2015, the District assigned \$30,000 of fund balance for the mitigation of the Big Burn Spillway project.

REQUIRED SUPPLEMENTAL INFORMATION

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH
Grand Chenier, Louisiana

Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2016

	Budget	Amended	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad valorem taxes (net)	\$ 198,206	\$ 198,206	\$ 193,720	\$ (4,486)
Grants	-	-	-	-
Interest	350	350	260	(90)
Intergovernmental - FEMA	798,413	175,053	262,420	87,367
Intergovernmental - CPPJ	-	-	75,000	75,000
TOTAL REVENUES	996,969	373,609	531,400	157,791
EXPENDITURES				
General Government				
Advertising	500	500	276	224
Election	-	-	2,754	(2,754)
Insurance	1,000	1,000	1,186	(186)
Maintenance	528,440	528,440	319,190	209,250
Office expense	400	400	384	16
Professional fees	7,400	7,400	41,505	(34,105)
Capital outlay	500	500	-	500
TOTAL EXPENDITURES	538,240	538,240	365,295	172,945
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	458,729	(164,631)	166,105	330,736
FUND BALANCE - BEGINNING	1,457,028	1,457,028	1,457,028	-
FUND BALANCE - ENDING	\$ 1,915,757	\$ 1,292,397	\$ 1,623,133	\$ 330,736

OTHER INFORMATION

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year Ended December 31, 2016

Chief Executive Officer: D.Y. Doland, Jr., Board President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-



Gragson, Casiday & Guillory, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND GUILLORY, JR., C.P.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
GRAHAM A. PORTUS, E.A.
KATHRYN BLESSINGTON, C.P.A.
JACKLYN BARLOW, C.P.A.
BRIAN MCCAIN, C.P.A.

INDEPENDENT AUDITORS' 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

April 28, 2017

To the Members of
Gravity Drainage District No. 5 of Cameron Parish

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Gravity Drainage District No. 5 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Gravity Drainage District No. 5 of Cameron Parish's basic financial statements, and have issued our report thereon dated April 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gravity Drainage District No. 5 of Cameron Parish'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness Gravity Drainage District No. 5 of Cameron Parish's internal control. Accordingly, we do not express an opinion on the effectiveness of Gravity Drainage District No. 5 of Cameron Parish'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 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

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To the Members of
Gravity Drainage District No. 5 of Cameron Parish
April 28, 2017
Page Two

weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gravity Drainage District No. 5 of Cameron Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Gravity Drainage District No. 5 of Cameron Parish's Responses to Findings

Gravity Drainage District No. 5 of Cameron Parish's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Gravity Drainage District No. 5 of Cameron Parish'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

The purpose of this report is 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH

Schedule of Findings and Responses - Continued

Year Ended December 31, 2016

3. Prior Year Audit Findings

Finding 2015-01:

Inadequate Segregation of Duties:

Current status: This is a repeat finding in 2016.

Finding 2015-02:

Budgetary Authority and Control:

Current status: Satisfactorily corrected.