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# GRAVITY DRAINAGE DISTRICT NO. 5 OF WARD 4 OF CALCASIEU PARISH

A COMPONENT UNIT OF THE  
CALCASIEU PARISH POLICE JURY  
Sulphur, Louisiana

## ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 1995

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-21-96



*Mires & Company*  
*A Professional Corporation*  

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*Certified Public Accountants*



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Gravity Drainage District No. 5  
Ward 4 of Calcasieu  
Board of Commissioners  
Sulphur, Louisiana

In planning and performing our audit of the general purpose financial statements of the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish for the year ended December 31, 1995, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish's ability to record, process summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Condition 1:

The Special Revenue Fund (Reserve for Depreciation Fund) expenditures exceeded its budgeted amounts by more than 5%. This is a violation of the Local Government Budget Act.

Management response:

The District will monitor expenditures in comparison to the budget more closely and will amend the budget if necessary to remain in compliance.

Condition 2:

The District lacks proper segregation of duties within its administration.

Management response:

The District's size and resources does not allow for proper segregation of duties.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. In addition, because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected by such control structure. However, neither of the reportable conditions described above is believed to be a material weakness.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the December 31, 1995 general purpose financial statements, and this report does not affect our report on those general purpose financial statements dated March 20, 1996. We have not considered the internal control structure since the date of our report.

This report is intended solely for the information and use of the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish, management and the Board of Commissioners. However, this report is a matter of public record, and its distribution is not limited.

*Mires & Company, CPAs, APC*

Mires & Company, CPAs, APC  
March 20, 1996



GRAVITY DRAINAGE DISTRICT NO. 5  
OF WARD 4 OF CALCASIEU PARISH

A COMPONENT UNIT OF THE  
CALCASIEU PARISH POLICE JURY  
Sulphur, Louisiana

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 1995

CONTENTS

|   | <u>Page</u> |
|---|-------------|
| INDEPENDENT AUDITORS' REPORT . . . . .  | 1           |
| GENERAL PURPOSE FINANCIAL STATEMENTS:   |             |
| Combined Balance Sheet - All Fund Types and Account Group . . .   | 2           |
| Combined Statement of Revenues, Expenditures and Changes<br>in Fund Balances - All Governmental Fund Types . . . . .  | 3           |
| Combined Statement of Revenues, Expenditures and Changes<br>in Fund Balances - Budget and Actual - All Governmental<br>Fund Types . . . . .   | 5           |
| Notes to Financial Statements . . . . .   | 7           |
| INDEPENDENT AUDITORS' REPORTS SECTION:  |             |
| Independent Auditors' Report on Internal Control Structure Based<br>on an Audit of General Purpose Financial Statements Performed<br>in Accordance with Government Auditing Standards . . . . . | 14          |
| Independent Auditors' Report on Compliance Based on an Audit of<br>General Purpose Financial Statements Performed in Accordance<br>with Government Auditing Standards . . . . .                 | 16.         |



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INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Gravity Drainage District No. 5  
of Ward 4 of Calcasieu Parish  
A Component Unit of the  
Calcasieu Parish Police Jury  
Sulphur, Louisiana

We have audited the accompanying general purpose financial statements of the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 1995, as listed in the table of contents. These general purpose financial statements are the responsibility of the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish, a component unit of the Calcasieu Parish Police Jury, as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 20, 1996 on our consideration of the Gravity Drainage District No. 5, a component unit of the Calcasieu Parish Police Jury, internal control structure and report dated March 20, 1996 on its compliance with laws and regulations.

*Mires & Company, CPAs, APC*

Mires and Company, CPAs, APC  
March 20, 1996

GENERAL PURPOSE FINANCIAL STATEMENTS

GRAVITY DRAINAGE DISTRICT NO. 5  
 OF WARD 4 OF CALCASIEU PARISH  
 A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP  
 December 31, 1995

|  | GOVERNMENTAL FUND TYPES |                            |                             |
|--|-------------------------|----------------------------|-----------------------------|
|  | General<br>Fund         | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund |
| <b>ASSETS</b>                                |                         |                            |                             |
| Cash . . . . .                               | \$ 2,340,733            | \$ 225,610                 | \$ 11,405                   |
| Receivables:                                 |                         |                            |                             |
| Taxes (net) . . . . .                        | 1,567,886               | -                          | -                           |
| State revenue sharing . . . . .              | 36,105                  | -                          | -                           |
| Interest . . . . .                           | 3,974                   | 271                        | -                           |
| Fixed assets, net . . . . .                  | -                       | -                          | -                           |
| TOTAL ASSETS                                 | <u>\$ 3,948,698</u>     | <u>\$ 225,881</u>          | <u>\$ 11,405</u>            |
| <b>LIABILITIES AND FUND EQUITY</b>           |                         |                            |                             |
| Liabilities:                                 |                         |                            |                             |
| Accounts payable . . . . .                   | \$ 63,613               | \$ -                       | \$ -                        |
| Payroll taxes payable . . . . .              | 1,025                   | -                          | -                           |
| Salaries payable . . . . .                   | 11,606                  | -                          | -                           |
| Retirement system payable . . . . .          | 22,489                  | -                          | -                           |
| TOTAL LIABILITIES                            | <u>98,733</u>           | <u>-</u>                   | <u>-</u>                    |
| Fund equity:                                 |                         |                            |                             |
| Investment in general fixed assets . . . . . | -                       | -                          | -                           |
| Fund balances:                               |                         |                            |                             |
| Reserved - capital outlay . . . . .          | -                       | 225,881                    | 11,405                      |
| Unreserved - undesignated . . . . .          | 3,849,965               | -                          | -                           |
| TOTAL FUND EQUITY                            | <u>3,849,965</u>        | <u>225,881</u>             | <u>11,405</u>               |
| TOTAL LIABILITIES AND FUND EQUITY            | <u>\$ 3,948,698</u>     | <u>\$ 225,881</u>          | <u>\$ 11,405</u>            |

See accompanying notes.



| ACCOUNT GROUP<br>General<br>Fixed<br>Assets | TOTALS<br>(Memorandum<br>Only) |                     |
|---|--------------------------------|---------------------|
|   | 1995                           | 1994                |
|   |                                |                     |
| \$ -  | \$ 2,577,748                   | \$ 1,939,219        |
| -   | 1,567,886                      | 1,588,107           |
| -   | 36,105                         | 36,105              |
| -   | 4,245                          | 3,628               |
| <u>1,074,383</u>                            | <u>1,074,383</u>               | <u>1,036,722</u>    |
| <u>\$ 1,074,383</u>                         | <u>\$ 5,260,367</u>            | <u>\$ 4,603,781</u> |
| \$ -  | \$ 63,613                      | \$ 83,358           |
| -   | 1,025                          | 1,025               |
| -   | 11,606                         | 1,867               |
| -   | 22,489                         | 20,999              |
| <u>-</u>                                    | <u>98,733</u>                  | <u>107,249</u>      |
| 1,074,383                                   | 1,074,383                      | 1,036,722           |
| -   | 237,286                        | 221,551             |
| -   | 3,849,965                      | 3,238,259           |
| <u>1,074,383</u>                            | <u>5,161,634</u>               | <u>4,496,532</u>    |
| <u>\$ 1,074,383</u>                         | <u>\$ 5,260,367</u>            | <u>\$ 4,603,781</u> |

GRAVITY DRAINAGE DISTRICT NO. 5  
 OF WARD 4 OF CALCASIEU PARISH  
 A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
 Year Ended December 31, 1995

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|
| REVENUES:  |                         |                                     |                                      |
| Ad valorem taxes - net . . . . .                               | \$ 1,553,129            | \$ -                                | \$ -                                 |
| State revenue sharing . . . . .                                | 34,918                  | -                                   | -                                    |
| Interest . . . . .   | 102,582                 | 11,328                              | 560                                  |
| Sales of fixed assets . . . . .                                | -                       | -                                   | -                                    |
| Miscellaneous . . . . .  | <u>6,105</u>            | <u>-</u>                            | <u>-</u>                             |
| TOTAL REVENUES   | <u>1,696,734</u>        | <u>11,328</u>                       | <u>560</u>                           |
| EXPENDITURES:  |                         |                                     |                                      |
| Current:   |                         |                                     |                                      |
| Advertising . . . . .  | 2,221                   | -                                   | -                                    |
| Election cost . . . . .  | 11,015                  | -                                   | -                                    |
| Engineer fees . . . . .  | 6,050                   | -                                   | -                                    |
| Equipment rental . . . . .                                     | -                       | -                                   | -                                    |
| Fuel and gas . . . . .   | 25,848                  | -                                   | -                                    |
| Insurance . . . . .  | 75,184                  | -                                   | -                                    |
| Insurance - group . . . . .                                    | 90,122                  | -                                   | -                                    |
| Maintenance and repairs . . . . .                              | 32,735                  | -                                   | -                                    |
| Material & supplies . . . . .                                  | 78,730                  | -                                   | -                                    |
| Miscellaneous . . . . .  | 2,218                   | 2                                   | -                                    |
| Office supplies . . . . .                                      | 1,993                   | -                                   | -                                    |
| Per diem . . . . .   | 15,340                  | -                                   | -                                    |
| Professional Fees . . . . .                                    | 4,850                   | -                                   | -                                    |
| Retirement . . . . .   | 49,712                  | -                                   | -                                    |
| Salaries . . . . .   | 468,464                 | -                                   | -                                    |
| Taxes . . . . .  | 2,116                   | -                                   | -                                    |
| Telephone . . . . .  | 5,166                   | -                                   | -                                    |
| Tools . . . . .  | 728                     | -                                   | -                                    |
| Travel . . . . .   | 242                     | -                                   | -                                    |
| Utilities . . . . .  | 4,699                   | -                                   | -                                    |
| Capital outlay . . . . .                                       | <u>139,127</u>          | <u>64,619</u>                       | <u>-</u>                             |
| TOTAL EXPENDITURES   | <u>1,016,560</u>        | <u>64,621</u>                       | <u>-</u>                             |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES . . . . . | 680,174                 | (53,293)                            | 560                                  |
| OTHER FINANCING SOURCES (USES):                                |                         |                                     |                                      |
| Operating transfer in (out) . . . . .                          | <u>(68,468)</u>         | <u>68,468</u>                       | <u>-</u>                             |

See accompanying notes.

TOTALS  
(Memorandum  
Only)

| 1995         | 1994         |
|--------------|--------------|
| \$ 1,553,129 | \$ 1,563,683 |
| 34,918       | 36,105       |
| 114,470      | 70,872       |
| -            | 2,000        |
| 6,105        | 13,990       |
| 1,708,622    | 1,686,650    |
|              |              |
| 2,221        | 275          |
| 11,015       | -            |
| 6,050        | 6,600        |
| -            | 2,033        |
| 25,848       | 26,004       |
| 75,184       | 108,922      |
| 90,122       | 82,101       |
| 32,735       | 76,381       |
| 78,730       | 53,949       |
| 2,220        | 1,059        |
| 1,993        | 1,669        |
| 15,340       | 14,950       |
| 4,850        | 5,500        |
| 49,712       | 37,012       |
| 468,464      | 421,072      |
| 2,116        | 1,647        |
| 5,166        | 4,578        |
| 728          | 2,212        |
| 242          | 242          |
| 4,699        | 4,228        |
| 203,746      | 254,614      |
| 1,081,181    | 1,105,048    |
|              |              |
| 627,441      | 581,602      |
| -            | -            |

GRAVITY DRAINAGE DISTRICT NO. 5  
 OF WARD 4 OF CALCASIEU PARISH  
 A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
 Year Ended December 31, 1995

|   | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|
| EXCESS OF REVENUES AND OTHER<br>SOURCES OVER EXPENDITURES AND<br>OTHER USES . . . . . | \$ 611,706              | \$ 15,175                           | \$ 560                               |
| FUND BALANCE - BEGINNING  | <u>3,238,259</u>        | <u>210,706</u>                      | <u>10,845</u>                        |
| FUND BALANCE - ENDING   | <u>\$ 3,849,965</u>     | <u>\$ 225,881</u>                   | <u>\$ 11,405</u>                     |

See accompanying notes.

TOTALS  
(Memorandum  
Only)

| <u>1995</u>         | <u>1994</u>         |
|---------------------|---------------------|
| \$ 627,441          | \$ 581,602          |
| <u>3,459,810</u>    | <u>2,878,208</u>    |
| <u>\$ 4,087,251</u> | <u>\$ 3,459,810</u> |

GRAVITY DRAINAGE DISTRICT NO. 5  
 OF WARD 4 OF CALCASIEU PARISH  
 A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES  
 Year Ended December 31, 1995

|  | GENERAL FUND     |                  |  |
|--|------------------|------------------|--|
|  | Budget           | Actual           | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUES:</b>   |                  |                  |  |
| Ad valorem taxes - net . . . . .                                       | \$ 1,560,128     | \$ 1,553,129     | \$ (6,999)                             |
| State revenue sharing . . . . .  | 35,000           | 34,918           | (82)                                   |
| Interest . . . . .   | 72,500           | 102,582          | 30,082                                 |
| Sale of fixed assets . . . . .   | -                | -                | -                                      |
| Miscellaneous . . . . .  | 40               | 6,105            | 6,065                                  |
| <b>TOTAL REVENUES</b>  | <b>1,667,668</b> | <b>1,696,734</b> | <b>29,066</b>                          |
| <b>EXPENDITURES:</b>   |                  |                  |  |
| Current:   |                  |                  |  |
| Advertising . . . . .  | 300              | 2,221            | (1,921)                                |
| Election costs . . . . .   | -                | 11,015           | (11,015)                               |
| Engineer fees . . . . .  | 6,600            | 6,050            | 550                                    |
| Equipment rental . . . . .   | 1,000            | -                | 1,000                                  |
| Fuel and gas . . . . .   | 28,000           | 25,848           | 2,152                                  |
| Insurance . . . . .  | 113,000          | 75,184           | 37,816                                 |
| Insurance - group . . . . .  | 100,000          | 90,122           | 9,878                                  |
| Maintenance and repairs . . . . .                                      | 39,100           | 32,735           | 6,365                                  |
| Material and supplies . . . . .  | 85,000           | 78,730           | 6,270                                  |
| Miscellaneous . . . . .  | 6,600            | 2,218            | 4,382                                  |
| Office supplies . . . . .  | 3,600            | 1,993            | 1,607                                  |
| Per diem . . . . .   | 15,600           | 15,340           | 260                                    |
| Professional fees . . . . .  | 2,000            | 4,850            | (2,850)                                |
| Retirement . . . . .   | 65,000           | 49,712           | 15,288                                 |
| Salaries . . . . .   | 428,109          | 468,464          | (40,355)                               |
| Taxes . . . . .  | 4,200            | 2,116            | 2,084                                  |
| Telephone . . . . .  | 5,400            | 5,166            | 234                                    |
| Tools . . . . .  | 2,500            | 728              | 1,772                                  |
| Travel . . . . .   | 500              | 242              | 258                                    |
| Utilities . . . . .  | 4,800            | 4,699            | 101                                    |
| Capital Outlay . . . . .   | 353,000          | 139,127          | 213,873                                |
| <b>TOTAL EXPENDITURES</b>  | <b>1,264,309</b> | <b>1,016,560</b> | <b>247,749</b>                         |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES . . . . .</b> | <b>403,359</b>   | <b>680,174</b>   | <b>276,815</b>                         |
| <b>OTHER FINANCING SOURCES (USES):</b>                                 |                  |                  |  |
| Operating transfers in (out) . . . . .                                 | (67,468)         | (68,468)         | (1,000)                                |

See accompanying notes.



GRAVITY DRAINAGE DISTRICT NO. 5  
 OF WARD 4 OF CALCASIEU PARISH  
 A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES  
 Year Ended December 31, 1995

|   | <u>GENERAL FUND</u> |                     |   |
|---|---------------------|---------------------|---|
|   | <u>Budget</u>       | <u>Actual</u>       | Variance<br>Favorable<br><u>(Unfavorable)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br>SOURCES OVER EXPENDITURES AND OTHER USES . | \$ 335,891          | \$ 611,706          | \$ 275,815                                    |
| FUND BALANCE - BEGINNING  | <u>3,238,259</u>    | <u>3,238,259</u>    | <u>-</u>                                      |
| FUND BALANCE - ENDING   | <u>\$ 3,574,150</u> | <u>\$ 3,849,965</u> | <u>\$ 275,815</u>                             |

See accompanying notes.



SPECIAL REVENUE FUND

| <u>Budget</u>     | <u>Actual</u>     | Variance<br>Favorable<br><u>(Unfavorable)</u> |
|-------------------|-------------------|---|
| \$ 18,966         | \$ 15,175         | \$ (3,791)                                    |
| <u>210,706</u>    | <u>210,706</u>    | <u>-</u>                                      |
| <u>\$ 229,672</u> | <u>\$ 225,881</u> | <u>\$ (3,791)</u>                             |

CAPITAL PROJECTS FUND

| <u>Budget</u> | <u>Actual</u>    | Variance<br>Favorable<br><u>(Unfavorable)</u> |
|---------------|------------------|---|
| \$ (10,807)   | \$ 560           | \$ 11,367                                     |
| <u>10,845</u> | <u>10,845</u>    | <u>-</u>                                      |
| <u>\$ 38</u>  | <u>\$ 11,405</u> | <u>\$ 11,367</u>                              |

GRAVITY DRAINAGE DISTRICT NO. 5  
OF WARD 4 OF CALCASIEU PARISH  
A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish was created by the Calcasieu Parish Police Jury, as authorized by Louisiana Revised Statute 38:1751. The District is governed by a board of five commissioners appointed by the Calcasieu Parish Police Jury and is authorized to construct, maintain and improve the system of gravity drainage within the district.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (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 more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, in GASB 14. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the District is a component unit that should be included in the Calcasieu Parish Police Jury's reporting entity because of the significance of their oversight relationship with the District.

B. Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate

GRAVITY DRAINAGE DISTRICT NO. 5  
OF WARD 4 OF CALCASIEU PARISH  
A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenditures. The following funds and group of accounts are used by the District:

Governmental Fund Types:

General Fund-

The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Fund-

The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects Fund-

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

General Fixed Assets Account Group:

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. No depreciation is recorded on general fixed assets.

Public domain ("infrastructure") general fixed assets including roads, bridges and drainage systems are not capitalized, as these assets are immovable and of value only to the District.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

GRAVITY DRAINAGE DISTRICT NO. 5  
OF WARD 4 OF CALCASIEU PARISH  
A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are ad valorem taxes, state revenue sharing and interest.

D. Cash

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Deposits:

At December 31, 1995, the carrying amount of the District's deposits was \$2,577,748 and the bank balance was \$2,578,021. Of the bank balance, \$200,000 was covered by federal depository insurance and \$473,021 was covered by collateral held at the First National Bank and \$1,905,000 was covered by collateral held at the First Federal Savings and Loan.

E. Budgets and Budgetary Accounting

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

In November 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 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.

GRAVITY DRAINAGE DISTRICT NO. 5  
OF WARD 4 OF CALCASIEU PARISH  
A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Compensated Absences

The District allows employees to accumulate unlimited unused sick leave. Earned vacation time is expected to be used within one year of accrual with a maximum of one week carryforward to the next year, if not used.

At December 31, 1995 the District's liability for accrued vacation leave was \$2,714 and the liability for accrued sick leave could not be reasonably estimated.

G. Fund Equity

Designated fund balances represent those portions of fund equity legally segregated for capital outlay.

H. Total Columns on Combined Statements

Total columns on the component unit financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

I. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, presentation of prior year totals by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2 - AD VALOREM TAXES

For the year ended December 31, 1995 taxes of 4.78 mills were levied on property with assessed valuations totalling \$338,663,389 and were dedicated as follows:

General corporate purposes . . . . . 4.78 mills

Total taxes levied were \$1,618,811.

GRAVITY DRAINAGE DISTRICT NO. 5  
 OF WARD 4 OF CALCASIEU PARISH  
 A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 1995

NOTE 2 - AD VALOREM TAXES

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 31. Property taxes not paid by the end of February are subject to lien.

NOTE 3 - FIXED ASSETS

A summary of changes in general fixed assets for the year ended December 31, 1995 follows:

|                     | <u>Beginning</u><br><u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending</u><br><u>Balance</u> |
|---------------------|------------------------------------|------------------|------------------|---------------------------------|
| Buildings . . . . . | \$ 30,722                          | \$ -             | \$ -             | \$ 30,722                       |
| Equipment . . . . . | <u>1,006,000</u>                   | <u>64,756</u>    | <u>27,095</u>    | <u>1,043,661</u>                |
| TOTAL               | <u>\$1,036,722</u>                 | <u>\$ 64,756</u> | <u>\$ 27,095</u> | <u>\$ 1,074,383</u>             |

NOTE 4 - RETIREMENT COMMITMENTS

Substantially all employees of the District are eligible to participate in the Parochial Employees' Retirement System of LA, a multiple - employer public employee retirement system. The payroll for employees covered by this system for the year ended December 31, 1995 was \$474,260, the District's total payroll was \$474,260.

Membership is mandatory as a condition of employment beginning on date employed if the employee is working on a permanent regularly scheduled basis of at least 28 hours per week.

Elected officials are considered full time employees and may be enrolled if they meet eligibility requirements. Members are eligible for retirement benefits when they meet one of the following: (1) Any age with thirty or more years of creditable service; (2) Age 55 with twenty-five years of creditable service; (3) Age 60 with a minimum of ten years of creditable service; (4) Disability requires five years of creditable service; or (5) Survivor benefits require five years creditable service at death of member. The retirement allowance for any member shall consist of an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service

GRAVITY DRAINAGE DISTRICT NO. 5  
 OF WARD 4 OF CALCASIEU PARISH  
 A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 1995

NOTE 4 - RETIREMENT COMMITMENTS

Covered employees are required to contribute 9.50% of the total monthly earnings, excluding bonuses or fees in excess of regular salary or retainer, overtime pay, or payments relative to termination of employment. The District is required to contribute 8.00% of each and every member's earnings. The contribution requirement for the year ended December 31, 1995 was \$82,995, which consisted of \$37,941 from the District and \$45,054 from employees.

The 'pension benefit obligation' is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and stop-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the system's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The system does not separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at December 31, 1994, the latest information available, for the system as a whole, determined through an actuarial valuation performed as of that date, was \$724.620 million. The system's net assets available for benefits on that date (valued at market) were \$643.739 million, leaving an unfunded pension benefit obligation of \$80.881 million.

The 10 year historical trend information designed to provide information about the Parochial Employees' Retirement System's fund progress is presented in the System's December 31, 1994 financial report.

NOTE 5 - PER DIEM

Per Diem paid board commissioners for the year ended December 31, 1995 are as follows:

|                         |                  |
|-------------------------|------------------|
| Clegg Barton . . . . .  | \$ 1,105         |
| Neil Nelson . . . . .   | 1,950            |
| Harvey Boyd . . . . .   | 3,120            |
| Johnnie Hardy . . . . . | 2,925            |
| Don Nassar . . . . .    | 3,120            |
| David Abshire . . . . . | 3,120            |
|                         | <u>\$ 15,340</u> |

GRAVITY DRAINAGE DISTRICT NO. 5  
OF WARD 4 OF CALCASIEU PARISH  
A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1995

NOTE 6 - 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 7 - COMMITMENTS

On November 6, 1992 the District entered into an agreement with the State of Louisiana Department of Transportation and Development under the Statewide Flood Control Program. The agreement is for the paving of Lateral L-2 and funding is set at 70% by the State and 30% by the District. Total estimated construction cost is \$5,193,922, with the District's share estimated at \$1,558,177. Project completion is expected within three to four years.



INDEPENDENT AUDITORS' REPORTS SECTION



Mires & Company  
A Professional Corporation  

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Certified Public Accountants

Members:  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants  
Private Company Practice Section AICPA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE  
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
Gravity Drainage District No. 5  
of Ward 4 of Calcasieu Parish  
A Component Unit of the  
Calcasieu Parish Police Jury  
Sulphur, Louisiana

We have audited the general purpose financial statements of the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 1995, and have issued our report thereon dated March 20, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatements.

The management of the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish, a component unit of the Calcasieu Parish Police Jury, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish, a component unit of the Calcasieu Parish Police Jury, for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control

Board of Commissioners  
Gravity Drainage District No. 5  
of Ward 4 of Calcasieu Parish  
A Component Unit of the  
Calcasieu Parish Police Jury  
Page 2

structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

The reportable conditions are that the District does not have adequate segregation of duties within its internal control structure, however, because of the District's size and resources, proper segregation of duties is not feasible. Also, the Special Revenue Fund's expenditures exceeded its budgeted amount by more than 5%.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe neither of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management and the Board of Commissioners. However, this report is a matter of public record and its distribution is not limited.

*Mires and Company, CPAs, APC*

Mires and Company, CPAs, APC  
March 20, 1996





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Certified Public Accountants

Members:  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants  
Private Company Practice Section AICPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF GENERAL PURPOSE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
Gravity Drainage District No. 5  
of Ward 4 of Calcasieu Parish  
A Component Unit of the  
Calcasieu Parish Police Jury  
Sulphur, Louisiana

We have audited the general purpose financial statements of the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 1995, and have issued our report thereon dated March 20, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish, a component unit of the Calcasieu Parish Police Jury, is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted a certain immaterial instance of noncompliance that we have reported to the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish in a separate letter dated March 20, 1996.

This report is intended for the information of the management and the Board of Commissioners. However, this report is a matter of public record and its distribution is not limited.

*Mires and Company, CPAs, APC*

Mires and Company, CPAs, APC  
March 20, 1996