

GRAVITY DRAINAGE DISTRICT NO. 5
OF CAMBRON PARISH
Grand Chenier, Louisiana
Notes to the Financial Statements (Continued)

Cash and cash equivalents (bank balances) at December 31, 1996, are reported as follows:

Bank balances	\$407,461
Federal deposit insurance	\$200,000
Pledged securities (unencumbered)	258,775
Total	\$866,236

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than the name of the district, they are considered uncollateralized (Category 3) under the provisions of GASB Codification 220.105; however, Louisiana Revised Statute 59:1279 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

**G. VACATION/SICK LEAVE POLICY
AND PENSION PLAN**

The district has no employees; therefore, the district does not have a formal policy on vacation and sick leave and does not contribute to a pension plan.

1. LISTED TAXES

The district has an authorized tax millage of 5.00 mills for general maintenance and operation of the district. The tax expires with the 1996 tax roll. For the year ended December 31, 1996, the district levied 5.13 mills as a result of reassessments of taxable property as required by Article 7, Section 18 of the Louisiana Constitution of 1974.

The following are the principal taxpayers for the parish and their 1996 assessed valuation amounts expressed in thousands:

	1996 Assessed Valuation	Percent of Total Assessed Valuation
Trident MCL, Incorporated	\$8,071	6.35%
Natural Gas Pipeline Company of America	7,840	6.15%

**GRAVITY DRAINAGE DISTRICT NO. 5
OF CAMERON PARISH
Grand Chenier, Louisiana
Notes to the Financial Statements (Continued)**

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. BUDGETARY PRACTICES

Louisiana law exempts all special districts created before December 31, 1974, from the requirements of the Local Government Budget Act. Gravity Drainage District No. 5 of Cameron Parish was created on September 9, 1962, and accordingly, is exempt from the budgetary requirements. Management has determined that, due to the amount and nature of the expenditures, the adoption of a budget is not required for control purposes. Accordingly, the gravity drainage district did not adopt a budget for the year ended December 31, 1996; therefore, the accompanying financial statements do not include a comparison of revenues and expenditures to budget.

F. CASH AND CASH EQUIVALENTS

Under state law, the district may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the nation, or the laws of the United States. The district may invest its certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 1996, the district has cash and cash equivalents (bank balances) totaling \$485,683, as follows:

Demand deposits	\$455,683
Time deposits	290,000
Total	<u>\$485,683</u>

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.

GRAVITY DRAINAGE DISTRICT NO. 5
OF CAMERON PARISH
Grand Chenier, Louisiana
Notes to the Financial Statements (Continued)

C. FIXED ASSETS

The district does not own any general fixed assets. Drainage work is performed by contract labor, which supplies its own tools and equipment to maintain ditches, ditches, and canals.

D. BASIS OF ACCOUNTING

The 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 are generally included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting 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 district uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Interest income on interest bearing demand deposits is recorded at the end of the month when credited by the bank.

Based on the above criteria, ad valorem taxes have been treated as susceptible to accrual.

GRAVITY DRAINAGE DISTRICT NO. 5
OF CAMERON PARISH
Grand Chenier, Louisiana
Notes to the Financial Statements (Continued)

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

Because the police jury appoints all board members of the district and can impose its will on the district, the district was determined to be a component unit of the Cameron Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. FUND ACCOUNTING

The district uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fund assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The district's current operations require the use of only governmental fund types (General Fund). All financial resources of the district are accounted for in this fund. General operating expenditures are paid from this fund.

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

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1996**

1. 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.

A. REPORTING ENTITY

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

Governmental Accounting Standards Board (GASB) 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 police jury to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

GRAVITY DRAINAGE DISTRICT NO. 3
OF CAMERON PARISH
Grand Chenier, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended December 31, 1996

REVENUES	
Ad valorem taxes	\$821,008
Use of money and property - interest earnings	<u>17,043</u>
Total revenues	<u>838,051</u>
EXPENDITURES	
Current - public works - operating services	20,983
Inter governmental	<u>4,530</u>
Total expenditures	<u>25,513</u>
EXCESS OF REVENUES OVER EXPENDITURES	812,538
FUND BALANCE AT BEGINNING OF YEAR	<u>482,680</u>
FUND BALANCE AT END OF YEAR	<u>1,295,178</u>

Statement A

GRAVITY DRAINAGE DISTRICT NO. 5
OF CAMERON PARISH
Grand Chenier, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Balance Sheet, December 31, 1996

ASSETS	
Cash	3,025,663
Receivables - ad valorem taxes	<u>114,025</u>
TOTAL ASSETS	<u>3,139,688</u>
LIABILITIES AND FUND EQUITY	
Liabilities - accounts payable	54,531
Fund Equity - fund balance - unreserved - undesignated	<u>3,085,157</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>3,139,688</u>

The accompanying notes are an integral part of this statement.

GENERAL PURPOSE FINANCIAL STATEMENTS
(HYPERTEXT)

GRAVITY DRAINAGE DISTRICT NO. 5
OF CAMERON PARISH
Grand Chenier, Louisiana
Independent Auditor's Report
December 31, 1996

In accordance with Government Auditing Standards, I have also issued a report dated March 7, 1997 on my consideration of the internal control structure of Gravity Drainage District No. 5 of Cameron Parish and a report dated March 7, 1997 on the district's compliance with laws and regulations.



West Monroe, Louisiana
March 7, 1997



Independent Auditor's Report

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

I have audited the general purpose financial statements of Gravity Drainage District No. 5 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of December 31, 1996, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of Gravity Drainage District No. 5's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I 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 financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Gravity Drainage District No. 5 of Cameron Parish as of December 31, 1996, and the results of operations for the year then ended in conformity with generally accepted accounting principles.

WELLES AMERICAN
OFFICE OF GOVERNMENT
FINANCIAL ACCOUNTANTS

**OFFICE OF GOVERNMENT
FINANCIAL ACCOUNTANTS**

**FINANCIAL ACCOUNTING IN
GOVERNMENT**
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GRAVITY DRAINAGE DISTRICT NO. 5
OF CAMERON PARISH
Grand Chenier, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1996

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GRAVITY DRAINAGE DISTRICT NO. 5
OF CAMBRIEN PARISH
Grand Chenier, Louisiana
Independent Auditor's Report
on Compliance, Etc.,
December 31, 1986

This report is intended for the information of the board of commissioners of Gravity Drainage District No. 5 of Cambrien Parish and management of the district. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
March 7, 1987



**Independent Auditor's Report on
Compliance With Laws and Regulations**

**VERNON R. COON,
INC.**
OFFICE OF THE CHIEF
PUBLIC ACCOUNTANT

**OFFICE OF ACCOUNTS
5007 WOOD STREET
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**REGISTERED OFFICE IN
STATEMENTS IN
ACCOUNTING, ACCOUNTING
AND FINANCIAL MANAGEMENT**

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

I have audited the general purpose financial statements of Gravity Drainage District No. 5 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 7, 1997.

I conducted my audit in accordance with generally accepted auditing standards: Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. These standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws and regulations applicable to Gravity Drainage District No. 5 of Cameron Parish 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, I performed tests of the district's compliance with certain provisions of laws and regulations. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

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

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GRAVITY DRAINAGE DISTRICT NO. 5
OF CAMBION PARISH
Grand Chenier, Louisiana
Independent Auditor's Report
on Internal Control Structure
December 31, 1986

This report is intended for the information of the board of commissioners of Gravity Drainage District No. 5 of Cambion Parish and management of the district. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
March 7, 1987

GRAVITY DRAINAGE DISTRICT NO. 5
OF CAMERON PARISH
Grand Chenier, Louisiana
Independent Auditor's Report
on Internal Control Structure
December 31, 1996

In planning and performing my audit of the general purpose financial statements of Gravity Drainage District No. 5 of Cameron Parish, for the year ended December 31, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

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

All accounting functions of the district, i.e., depositing and posting receipts and preparing, posting and issuing checks are performed by one individual. Such functions are not compatible and should be performed by separate individuals, however, because of the size of the district and its limited revenues, it is not economically feasible to correct this deficiency.

A material weakness is a reportable condition in which the design or operation of one or more of the specific 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.

My 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 considered to be material weaknesses as defined above. However, I do not consider the reportable condition described above to be a material weakness.



**Independent Auditor's Report
on Internal Control Structure**

**VERNON R. COON,
DIRECTOR OF ACCOUNTING
PUBLIC ACCOUNTANTS**

**QUALITY OF SERVICE
REPUTATION FOR
INTEGRITY**

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

**QUALITY SERVICE TO
GOVERNMENTAL
AGENCIES, BUSINESS
AND PROFESSIONAL ORGANIZATIONS**

I have audited the general purpose financial statements of Gravity Drainage District No. 5 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 7, 1997.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of Gravity Drainage District No. 5 of Cameron Parish 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.

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**Independent Auditor's Reports Required
by Government Auditing Standards**

The following independent auditor's reports on internal control and compliance are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Government Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

534,240 12/31/88

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

**General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1988**

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of the FBI

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the Bureau, or reviewed, entity and other appropriate public officials. This 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.

MAY 19 1997

Release Date _____

VERNON R
COON

LEGISLATIVE PUBLIC ACCOUNTANT