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**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH**

**COMPONENT UNIT FINANCIAL STATEMENTS**

**DECEMBER 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 9.1.04

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
COMPONENT UNIT FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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**COMPONENT UNIT FINANCIAL STATEMENTS**

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JOHN D. BUTLER & COMPANY  
A PROFESSIONAL ACCOUNTING CORPORATION  
P. O. BOX 30  
BAKER, LOUISIANA 70704-0030  

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(225) 775-4982

**INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

Raoul Bourgeois, President  
and Members of the Board of Commissioners  
Fifth Ward Gravity Drainage District  
No. 5 of Lafourche Parish  
502 Highway 308  
Thibodaux, Louisiana 70302

We have compiled the accompanying component unit financial statements of Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish, component unit of the Lafourche Parish Police Jury, as of December 31, 2003, and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the terms of our engagement, we have also issued a report on agreed-upon procedures dated May 18, 2004.



John D. Butler & Company  
A Professional Accounting Corporation  
Baker, Louisiana  
May 18, 2004

**REQUIRED SUPPLEMENTAL INFORMATION**  
**(PART 1 OF 2)**

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
MANAGEMENTS' DISCUSSION & ANALYSIS  
DECEMBER 31, 2003**

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Within this section of the annual financial report, management of the Fifth Ward Gravity Drainage District No. 5 (hereafter referred to as the District) provides a narrative overview and analysis of the financial activities of the Fifth Ward Gravity Drainage District No. 5 for the fiscal year ended December 31, 2003.

**Financial Highlights**

- \* The assets of the Fifth Ward Gravity Drainage District No. 5 exceeded its liabilities at the close of the most recent fiscal year by \$489,368 (net assets). This is an increase from the prior year when assets exceeded liabilities by \$451,188.

- \* Total net assets are comprised of the following:

Capital assets, net of related debt and accumulated depreciation	\$ 5,634
Unrestricted net assets	<u>483,734</u>
 Total Net Assets	 <u>489,368</u>

Unrestricted net assets represent that portion of net assets that is available to maintain the District's continuing obligations.

**Overview of the Financial Statements**

The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District using a perspective similar to that used by the private sector. These statements include 1) statement of net assets and 2) statement of activities.

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

**Statement of Activities.** This statement presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on revenues provided by its taxpayers.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
MANAGEMENTS' DISCUSSION & ANALYSIS (Continued)  
DECEMBER 31, 2003**

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Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include activities related to drainage.

The government-wide financial statements can be found on pages 9-10 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one category of funds: governmental funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements except that the focus with fund statements is to provide a distinct view of the District's governmental funds only. These statements report short-term fiscal accountability emphasizing the use of spendable resources during the year and balances of spendable resources available at the end of the year.

Because the view of governmental funds is short-term and the view of the government-wide financial statements is long-term, it is useful to compare these two perspectives. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provides reconciliation to the government-wide statements to assist in understanding the differences between the two viewpoints.

The fund financial statements can be found on pages 12-15 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The index of the notes is found on page 17 with the actual notes beginning immediately afterwards.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparisons on page 29.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
MANAGEMENTS' DISCUSSION & ANALYSIS (Continued)  
DECEMBER 31, 2003**

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**Financial Analysis of the District**

Net assets serve as a useful indicator of the District's financial position from year to year.

The following is a summary of the District's net assets:

**SUMMARY OF NET ASSETS**

	Governmental Activities <u>2003</u>
<b>Assets:</b>	
Current and other assets	\$ 484,650
Capital assets, net	<u>5,634</u>
<b>Total assets</b>	<b>490,284</b>
<b>Liabilities:</b>	
Current liabilities	916
<b>Net Assets:</b>	
Investment in capital assets, net of related debt	5,634
Unrestricted	<u>483,734</u>
<b>Total net assets</b>	<b><u>489,368</u></b>

The greatest portion of the District's net assets (99%) reflects its cash and investments on hand. The District continues to report positive balances in net assets. Net assets increased by \$38,179 while its overall financial position improved during the year 2003.



**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
MANAGEMENTS' DISCUSSION & ANALYSIS (Continued)  
DECEMBER 31, 2003**

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

**SUMMARY OF CHANGES IN NET ASSETS**

	Governmental Activities <u>2003</u>
Revenues:	
General revenues:	
Property taxes	\$ 113,360
Revenue sharing	10,747
Interest	<u>3,393</u>
Total revenues	127,500
Expenses:	
General government	4,879
Drainage work	<u>84,441</u>
Total expenses	89,320
Increase in net assets	38,180
Net assets, beginning of year	<u>451,188</u>
Net assets, end of year	<u>489,368</u>

**General Fund Budgetary Highlights**

The District's budget for 2003 included \$134,400 in revenues and \$82,000 in expenditures. Revenues fell short by \$6,901 primarily due to a shortfall in anticipated property taxes. Expenditures were \$11,350 more than expected. There was equipment needed during the year that was not budgeted as well as salary increases approved during the year.

**Capital Asset and Debt Administration**

**Capital Assets.** The District's investment in capital assets, net of accumulated depreciation, for its governmental activities as of December 31, 2003, was \$5,634. The total increase in this net investment of \$4,030 was from the addition of a pick-up truck in October. The District recently received bids for a hydraulic long-reach excavator and is currently considering the purchase of this needed machinery.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
MANAGEMENTS' DISCUSSION & ANALYSIS (Continued)  
DECEMBER 31, 2003**

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**CAPITAL ASSETS  
Net of Accumulated Depreciation**

	Governmental Activities <u>2003</u>
Depreciable Assets:	
Vehicles/boats	5,481
Equipment	<u>153</u>
Total	<u>5,634</u>

**Long-Term Debt.** The District remains debt-free as of the end of the current year.

**Economic Environment and Next Year's Budget**

The Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish was created by the Lafourche Parish Council on February 10, 1965, as authorized by Louisiana Revised Statute §38:1751. A board of five commissioners who are appointed by the Lafourche Parish Council governs the District.

The District is authorized to open and maintain all natural drains in the District where drainage is accomplished using the natural force of gravity. This may be accomplished by cutting and opening new drains, ditches and canals. The District covers the entire Fifth Ward of Lafourche Parish and has three full time employees. It maintains approximately 18 miles of major drainage canals and 22 miles of smaller drainage canals and ditches.

Next year's budget includes a decrease in revenues of \$5,000 to \$129,400. This is due to a decrease anticipated in tax collections. It includes an increase of \$16,350 in expenditures to \$98,350. Approximately 13% of this is due to higher fuel prices. The majority of the remaining increase is a result of additional salaries and benefits.

**Request for Information**

This financial report is designed to provide a general overview of the Fifth Ward Gravity Drainage District No. 5's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to our accountants at Kearns & Kearns, CPAs, 501 Canal Boulevard, Thibodaux, Louisiana 70301, 985-447-4833.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2003**

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<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 263,853.22
Receivables, net	121,462.54
Investments	99,333.80
Capital assets, net	<u>5,634.49</u>
Total Assets	490,284.05
<u>LIABILITIES</u>	
Accounts payable	503.53
Payroll and related payables	<u>413.00</u>
Total Liabilities	<u>916.53</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	5,634.49
Unrestricted	<u>483,733.03</u>
Total Net Assets	<u><u>489,367.52</u></u>

See Accompanying Notes and Accountants' Report

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO.5**  
**OF LAFOURCHE PARISH**  
**LAFOURCHE PARISH POLICE JURY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2003**

	Programs Revenues			Net Revenues (Expenses)
<u>Functions/Programs</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Government Activities</b>				
General government	\$ 4,878.58	\$ -	\$ -	\$ (4,878.58)
Drainage work	84,440.92	-	-	(84,440.92)
<b>Total Governmental Activities</b>	89,319.50	-	-	(89,319.50)
		<b>General Revenues</b>		
		Property taxes	113,359.79	
		Revenue sharing	10,746.60	
		Interest earned	3,392.57	
		<b>Total General Revenues</b>	127,498.96	
		Change in Net Assets	38,179.46	
		Net Assets, beginning	451,188.06	
		Net Assets, ending	489,367.52	

See Accompanying Notes and Accountants' Report

**FUND FINANCIAL STATEMENTS**

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
 OF LAFOURCHE PARISH  
 LAFOURCHE PARISH POLICE JURY  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 DECEMBER 31, 2003**

<u>ASSETS</u>	<u>General Fund</u>
Cash and cash equivalents	\$ 263,853.22
Receivables, net:	
Taxes	110,715.94
Revenue sharing	10,746.60
Investments	<u>99,333.80</u>
 TOTAL ASSETS	 <u><u>484,649.56</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	503.53
Payroll and related payables	<u>413.00</u>
 Total Liabilities	 916.53
Fund Balances:	
Unreserved	<u>483,733.03</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>484,649.56</u></u>

See Accompanying Notes and Accountants' Report

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
DECEMBER 31, 2003**

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Total Fund Balances - Governmental Funds \$ 483,733.03

Amounts reported for governmental activities  
in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not  
current financial resources and, therefore, are not reported  
in the Governmental Funds Balance Sheet.

5,634.49

Total Net Assets of Governmental Activities

489,367.52

See Accompanying Notes and Accountants' Report



**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b><u>REVENUES</u></b>		
Property taxes	\$ 113,359.79	\$ 125,158.47
Revenues sharing	10,746.60	10,695.87
Interest earned	3,392.57	4,868.58
	<hr/>	<hr/>
Total Revenues	127,498.96	140,722.92
<b><u>EXPENDITURES</u></b>		
Advertising	132.03	15.04
Fuel	4,268.12	3,819.78
Insurance	2,880.00	2,784.91
Licenses	36.50	10.00
Material and supplies	1,185.30	1,797.30
Office supplies and expenses	301.56	214.75
Professional fees	3,683.49	3,696.22
Repairs and maintenance	12,267.85	12,999.23
Rent	725.00	1,300.00
Salaries and related benefits	63,369.91	48,660.91
Capital outlay	4,500.00	1,400.00
	<hr/>	<hr/>
Total Expenditures	93,349.76	76,698.14
Net Change in Fund Balances	34,149.20	64,024.78
Fund Balances, beginning	449,583.83	400,979.70
	<hr/>	<hr/>
Fund Balances, ending	483,733.03	465,004.48
	<hr/> <hr/>	<hr/> <hr/>

See Accompanying Notes and Accountants' Report

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
RECONCILIATION OF THE STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2003**

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	<u>2003</u>
Net Change in Fund Balances - Governmental Funds	\$ 34,149.20
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay in the current period exceeded depreciation charged.	<u>4,030.26</u>
Change in Net Assets of Governmental Activities	<u><u>38,179.46</u></u>

See Accompanying Notes and Accountants' Report

**NOTES TO FINANCIAL STATEMENTS**

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
INDEX TO NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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The Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish was created by the Lafourche Parish Council on February 10, 1965, as authorized by Louisiana Revised Statute §38:1751. A board of five commissioners who are appointed by the Lafourche Parish Council governs the District. The Board of Commissioners has elected to receive no compensation for their services.

The District is authorized to open and maintain all natural drains in the District where drainage is accomplished using the natural force of gravity. This may be accomplished by cutting and opening new drains, ditches and canals. The District covers the entire Fifth Ward of Lafourche Parish and has three full-time employees. It maintains approximately 18 miles of major drainage canals and 22 miles of smaller drainage canals and ditches.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting practice of the District conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:** Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Criteria considered to determine financial accountability includes an organization (1) where the reporting entity has the authority to appoint a voting majority of the organization's governing body and (a) the ability of the reporting entity to impose its will on the organization and/or (b) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity; (2) with fiscal dependence on the reporting entity; and (3) 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.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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For reporting purposes, the Lafourche Parish Police Jury is the governing authority of the District. Based on the criterion listed above, it is determined that the Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish is a component unity of the Lafourche Parish Police Jury. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information of the Police Jury, the general government services provided by that government unity or other governmental units that comprise the reporting entity.

**Government-Wide Accounting:** In accordance with Government Accounting Standards Boards Statement No. 34, the District has presented a Statement of Net Assets and Statement of Activities. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

*Eliminating Internal Activity*

Interfund receivables and payables are eliminated in the Statement of Net Assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they were allocated.

*Application of FASB Statements and Interpretations*

Reporting on governmental-type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

*Capitalizing Assets*

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the modified cost recovery system over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Assets.



**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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Under the requirements of GASB Statement No. 34, the District is considered a Phase 3 government, as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. This does not impact the District, as it does not have any infrastructure assets to report.

*Program Revenues*

The Statement of Activities presents one category of program revenues – charges for services. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the District. Because the District does not have any customers, there are no such revenues.

*Direct/Indirect Expenses*

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program.

*Operating Revenues*

Proprietary funds separately report operating and non-operating revenues. The District does not have any proprietary funds.

*Restricted Net Assets*

Restricted net assets are those for which a constraint has been imposed either externally or by law. The District recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net assets are used.

**Fund Accounting:** The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. The District has only one fund that is considered a governmental fund. The fund classification and a description of each existing fund type follow:

**Governmental Funds:** Governmental funds account for all or most of the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund – is the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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**Basis of Accounting/Measurement Focus:** The type of financial statement presentation determines the accounting and financial treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred, regardless of when the related cash flows take place, in the Statement of Activities. Non-exchange transactions such as grants are recognized in the year the eligibility requirements are met. In these statements, capital assets are reported and depreciated in each fund.

Governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available, and expenditures are recorded when the related fund liability is incurred. An exception is unmatured principal and interest on general long-term debt which is recognized when due. The District considers all revenues available if they are collected within sixty (60) days after year-end. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

**Budgets and Budgetary Accounting:** The District prepares an annual budget for the General Fund as required by Louisiana Revised Statute §39:1305. It is prepared on a modified accrual basis of accounting. Budget integration was not employed as a management control device during the year, and there were no amendments to the original budget. Appropriations lapse at year end. The District reserves all authority to make changes to the budget.

**Cash and Cash Equivalents:** Cash includes amounts in demand deposits and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety (90) days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**Investments:** Investments are limited by Louisiana Revised Statute §33:2955. If the original maturities of investments exceed ninety (90) days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. The District has two certificates of deposit with maturities extending beyond ninety (90) days.



**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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**Capital Assets:** The District's assets are recorded at historical cost. Contributed assets, if any, are reported at estimated fair value at the time of the donation. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Dragline and related assets	20 years
Boat	20 years
Equipment	3-7 years

The District's capitalization policy includes adding all assets with a value of \$500 or more. However, assets that are less in value may be capitalized if their use will benefit more than one period such as winches and chain saws.

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the financial statements retroactively reported back to 1982. This does not impact the District as it has no infrastructure assets.

**Compensated Absences:** The District does not have compensated absences.

**Long-Term Obligations:** In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the statement of net assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

The District did not have any long-term debt at December 31, 2003.

**Net Assets/Fund Balances:** In the statement of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

*Invested in Capital Assets, Net of Related Debt*

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

*Restricted Net Assets*

Net assets that are restricted by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
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*Unrestricted Net Assets*

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

*Reserved*

These resources are segregated because their use is earmarked for a specific use.

*Unreserved*

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

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

**NOTE 2 – CASH AND CASH EQUIVALENTS**

At December 31, 2003, the Board had cash and cash equivalents on hand (book balances) totaling \$263,853.22 as follows:

	<u>Governmental Activities</u>
Demand deposits	\$ 2,290.76
Money market savings	<u>261,562.46</u>
Total	<u>263,853.22</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. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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At December 31, 2003, the District had \$264,481.60 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$725,000 in pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). These amounts are as follows:

Demand deposits	\$ 2,919.14
Money market savings	<u>261,562.46</u>
Total	<u>264,481.60</u>
Hibernia National Bank	\$ <u>925,000.00</u>

Even though the pledged securities are considered uncollateralized, under the provisions of GASB Statement No. 3, Louisiana Revised Statute §39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities with ten (10) days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 3 – INVESTMENTS**

Investments consist of two (2) certificates of deposit, one held at Regions Bank and the other at Bank One. Interest earned in the current year of \$805.45 was reinvested.

	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u>
Regions Bank	\$ 56,657.23	7.96%	6/29/04
Bank One	<u>42,676.57</u>	6.00%	6/23/04
Total	<u>99,333.80</u>		

**NOTE 4 – RECEIVABLES**

The following is a summary of receivables at December 31, 2003:

	<u>General Fund</u>
Taxes	\$ 110,715.94
Revenue sharing	<u>10,746.60</u>
Total	<u>121,462.54</u>

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
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The District accrued ad valorem taxes in the amount collected by the Sheriff yet remitted to the District after year end. Some collections are remitted to the District during the year for delinquent taxes, but this amount is immaterial. Therefore, no bad debts or write-offs are recorded in the accompanying financial statements. By closing out the prior year receivables, amounts considered uncollectible are substantially written-off.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2003, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retire- ments</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Vehicles/boat	\$ 20,624.03	\$ 4,500.00	\$ 0.00	\$ 25,124.03
Equipment	<u>39,300.44</u>	<u>0.00</u>	<u>0.00</u>	<u>39,300.44</u>
 Totals at Historical Cost	 59,924.47	 4,500.00	 0.00	 64,424.47
 Less Accumulated Depreciation for:				
Vehicles/boat	19,336.03	307.14	0.00	19,643.17
Equipment	<u>38,984.21</u>	<u>162.60</u>	<u>0.00</u>	<u>39,146.81</u>
 Total Accumulated Depreciation for:	 <u>58,320.24</u>	 <u>*469.74</u>	 <u>0.00</u>	 <u>58,789.98</u>
 Governmental Activities Capital Assets, Net	 <u>1,604.23</u>	 <u>4,030.26</u>	 <u>0.00</u>	 <u>5,634.49</u>

\* Depreciation expense was charged to governmental functions as follows:

Drainage work	\$ <u>469.74</u>
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**NOTE 6 – ACCOUNTS AND OTHER PAYABLES**

The following is a summary of payables at December 31, 2003:

<u>Class of Payables</u>	<u>General Fund</u>
Accounts	\$ 503.53
Payroll and related expenses	<u>413.00</u>
 Total	 <u>916.53</u>

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
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**NOTE 7 – PENSION PLAN**

The employees of the District participate in the federal social security and medicare program in which the District matches the employee's contribution of 7.65% of gross salary.

**NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS**

The District does not provide any post retirement benefits.

**NOTE 9 – LEVIED TAXES**

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
General Maintenance	5.11	4.69

The following are the principal taxpayers for the District:

<u>Taxpayer</u>	<u>Assessed Value</u>
Wal-Mart Stores East	\$ 1,602,400
Entergy Louisiana, Inc.	1,541,310
Wal-Mart Stores, LLC	1,355,290
Cane Machinery & Engine	1,222,200
Sprayfab, Inc.	1,062,860
Pogo Producing Co.	708,530
Hibernia National Bank	571,410
South Louisiana Sugars	467,430
Texas Eastern Transmission	433,220
Ship Shoal Pipeline Co.	383,270

**NOTE 10 – PAYMENTS BY OTHER GOVERNEMENTAL UNITS**

Certain operating expenditures of the District are paid by the Lafourche Parish Police Jury and are not included in the accompanying financial statements. These expenditures include poison spray for vegetation.

**NOTE 11 – RELATED PARTY TRANSACTIONS**

There were no related party transactions.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
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**NOTE 12 – LITIGATION AND CLAIMS**

There was no litigation that would require disclosure in the accompanying financial statements. The District is not aware of any potential or threatened claims.

**NOTE 13 – SUBSEQUENT EVENTS**

There were no subsequent events that would have a material affect on the accompanying financial statements that occurred between the close of the year and issuance of the financial statements.

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**(PART 2 OF 2)**

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**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5  
OF LAFOURCHE PARISH  
LAFOURCHE PARISH POLICE JURY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2003**

	<u>Original and Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>REVENUES</u></b>			
Property taxes	\$ 120,000	\$ 113,359.79	\$ (6,640.21)
Revenue sharing	11,000	10,746.60	(253.40)
Interest earned	3,400	3,392.57	(7.43)
<b>Total Revenues</b>	<b>134,400</b>	<b>127,498.96</b>	<b>(6,901.04)</b>
<b><u>EXPENDITURES</u></b>			
Advertising	100	132.03	(32.03)
Fuel	4,000	4,268.12	(268.12)
Insurance	4,000	2,880.00	1,120.00
Licenses	50	36.50	13.50
Material and supplies	2,000	1,185.30	814.70
Office supplies and expense	250	301.56	(51.56)
Professional fees	3,800	3,683.49	116.51
Repairs and maintenance	16,000	12,267.85	3,732.15
Rent	1,500	725.00	775.00
Salaries and related benefits	50,300	63,369.91	(13,069.91)
Capital outlay	-	4,500.00	(4,500.00)
<b>Total Expenditures</b>	<b>82,000</b>	<b>93,349.76</b>	<b>(11,349.76)</b>
<b>Net Change in Fund Balances</b>	<b>52,400</b>	<b>34,149.20</b>	<b>(18,250.80)</b>
<b>Fund Balance, beginning</b>	<b>449,584</b>	<b>449,583.83</b>	<b>(0.17)</b>
<b>Fund Balance, ending</b>	<b>501,984</b>	<b>483,733.03</b>	<b>(18,250.97)</b>

See Accountants' Report



**SUPPLEMENTAL INFORMATION**

JOHN D. BUTLER & COMPANY  
A PROFESSIONAL ACCOUNTING CORPORATION  
P. O. BOX 30  
BAKER, LOUISIANA 70704-0030  

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(225) 775-4982

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

Raoul Bourgeois, President  
and Members of the Board of Commissioners  
Fifth Ward Gravity Drainage District  
No. 5 of Lafourche Parish  
502 Highway 308  
Thibodaux, Louisiana 70302

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish's compliance with certain laws and regulations during the year ended December 31, 2003, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was conducted in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS §38:2211-2251 (the public bid law).

There were no expenditures exceeding \$15,000 for materials and supplies or \$100,000 for public works.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS §42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments.

6. Trace the budget adoption and amendments to the minute book.

The minutes indicated the budget was adopted and advertised.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Total revenues were less than budgeted amounts by \$6,901.04 or 6%. This was a result of property taxes coming in at \$6,640 less than budgeted. Total expenditures were more than budgeted amounts by \$11,349.76 or 14%. Those items exceeding budget by 5% or more were (1) salaries/related benefits by \$13,069.91 or 26% and (2) capital outlay by \$4,500 or 100%.

#### Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and,
  - (a) Trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) Determine if payments were properly coded to the correct fund and general ledger account; and

All six payments were properly coded to the correct general ledger account.

- (c) Determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated that payment was approved by the accountant and chairman of the Board of Commissioners by a dual payment check.

#### Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS §42:1 through §42:12 (the open meetings law).

Agendas for the meetings were posted on the door of the Board's meeting place. Public hearings were published in the local newspaper.

The District is required to publish the minutes of the Board's meeting which was evidenced both from paid invoices and a copy of the public notice.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of bank statements for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances or gifts.

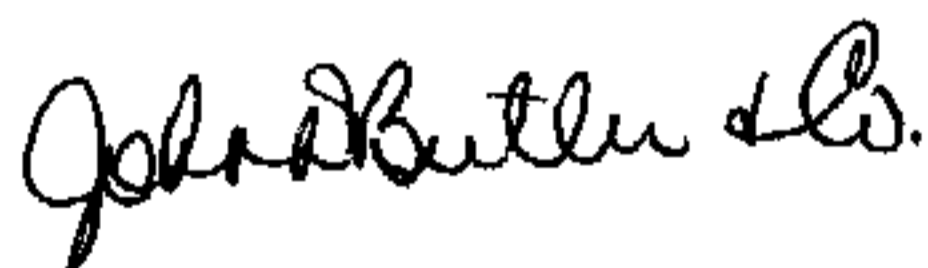
We inspected payroll records for the year and read all minutes. We noted no instances that would indicate payments to employees that would constitute bonuses, advances or gifts.

Prior Year Findings

There were no prior year findings or recommendations.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record, and its distribution is not limited.



John D. Butler & Company  
A Professional Accounting Corporation  
Baker, Louisiana  
May 18, 2004

**LOUISIANA ATTESTATION QUESTIONNAIRE**

Date: April 6, 2004

John D. Butler & Company  
A Professional Accounting Corporation  
P. O. Box 30  
Baker, Louisiana 70704-0030

In connection with your compilation of our financial statements as of December 31, 2003 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we made the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 31, 2003.

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes  No ( )

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes  No ( )

It is true that no member of the immediate family of any member of the governing authority or the chief executive of the governmental entity has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes  No ( )

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:43.

Yes  No ( )

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31 and 44:36.

Yes  No ( )

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463 and/or 39:92, as applicable.

Yes  No ( )

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes  No ( )

**Meetings**

We have complied with the provisions of the Open Meetings law, provided in RS 42:1 through 42:12.

Yes  No ( )

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less, to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410.60-1410.65.

Yes  No ( )

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes  No ( )

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

\_\_\_\_\_  
Secretary \_\_\_\_\_ Date

\_\_\_\_\_  
Treasurer \_\_\_\_\_ Date

Ronald Eugene \_\_\_\_\_  
President 5-18-04 Date