

RECEIVED
LEGISLATIVE AUDITOR
09 FEB 16 AM 10:34

**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, 1999

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 FEB 23 2000



Mires & Company
A Professional Corporation

Certified Public Accountants

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, 1999

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Balance Sheet - All Fund Types and Account Group	2
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Governmental Funds	5
Notes to Financial Statements	7
SUPPLEMENTAL INFORMATION SCHEDULES:	
Schedule of Compensation Paid Board Members	15
Schedule of Findings	16
Management's Corrective Action Plan for Current Year Audit Findings (Unaudited)	17
Summary Schedule of Prior Audit Findings	18
INDEPENDENT AUDITORS' REPORT SECTION:	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19



Mires & Company
A Professional Corporation
Certified Public Accountants

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

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, 1999, 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 1999, 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 our report dated January 21, 2000, on our consideration of the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements; and, in our opinion, the information is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Mires & Company, CPAs, APC
Mires and Company, CPAs, APC
January 21, 2000

GENERAL PURPOSE FINANCIAL STATEMENTS

GRAVITY DRAINAGE DISTRICT NO. 5
 OF WARD 4 OF CALCASIEU PARISH
 A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY
 ALL FUND TYPES AND ACCOUNT GROUP
 BALANCE SHEET
 December 31, 1999

	GOVERNMENTAL FUNDS		
	General Fund	Special Revenue Fund	Capital Projects Fund
ASSETS			
Cash	\$ 2,915,610	\$ 532,588	\$ 13,589
Receivables:			
Taxes (net)	1,734,225	-	-
Other	241,185	-	-
State revenue sharing	36,105	-	-
Interest	3,911	247	-
Prepaid assets	19,170	-	-
Fixed assets, net	-	-	-
TOTAL ASSETS	<u>\$ 4,950,206</u>	<u>\$ 532,835</u>	<u>\$ 13,589</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 176,519	\$ -	\$ -
Payroll taxes payable	1,166	-	-
Salaries payable	17,341	-	-
Compensated absences	1,763	-	-
Retirement system payable	23,254	-	-
TOTAL LIABILITIES	<u>220,043</u>	<u>-</u>	<u>-</u>
Fund equity:			
Investment in general fixed assets	-	-	-
Fund balances:			
Reserved - capital outlay	-	532,835	13,589
Unreserved - undesignated	4,730,163	-	-
TOTAL FUND EQUITY	<u>4,730,163</u>	<u>532,835</u>	<u>13,589</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 4,950,206</u>	<u>\$ 532,835</u>	<u>\$ 13,589</u>

See accompanying notes.

<u>ACCOUNT GROUP</u> General Fixed Assets	TOTALS (Memorandum Only)	
	<u>1999</u>	<u>1998</u>
\$ -	\$ 3,461,787	\$ 3,794,272
-	1,734,225	1,716,961
-	241,185	138,828
-	36,105	36,105
-	4,158	4,787
-	19,170	10,989
<u>1,461,843</u>	<u>1,461,843</u>	<u>1,276,219</u>
<u>\$ 1,461,843</u>	<u>\$ 6,958,473</u>	<u>\$ 6,978,161</u>
\$ -	\$ 176,519	\$ 300,400
-	1,166	1,035
-	17,341	19,958
-	1,763	2,938
-	23,254	24,914
<u>-</u>	<u>220,043</u>	<u>349,245</u>
1,461,843	1,461,843	1,276,219
-	546,424	467,714
-	4,730,163	4,884,983
<u>1,461,843</u>	<u>6,738,430</u>	<u>6,628,916</u>
<u>\$ 1,461,843</u>	<u>\$ 6,958,473</u>	<u>\$ 6,978,161</u>

GRAVITY DRAINAGE DISTRICT NO. 5
 OF WARD 4 OF CALCASIEU PARISH
 A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 For the Year Ended December 31, 1999

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>
REVENUES:			
Ad valorem taxes - net	\$ 1,700,988	\$ -	\$ -
State revenue sharing	34,918	-	-
Interest	130,136	20,254	545
Miscellaneous	5,686	-	-
Reimbursement - CPPJ	37,119	-	-
TOTAL REVENUES	<u>1,908,847</u>	<u>20,254</u>	<u>545</u>
EXPENDITURES:			
Current:			
Advertising	383	-	-
Appraisals	-	-	-
Audit fees	3,000	-	-
Engineer fees	6,600	-	-
Equipment rental	735	-	-
Fuel & gas	27,010	-	-
Insurance	59,503	-	-
Insurance - group	87,789	-	-
Maintenance & repairs	81,007	-	-
Materials & supplies	87,292	-	-
Miscellaneous	2,615	-	-
Office supplies	3,454	-	-
Per diem	15,600	-	-
Retirement	44,376	-	-
Right of way agent fees	1,750	-	-
Salaries	554,379	-	-
Taxes	3,073	-	-
Telephone	4,393	-	-
Tools	3,494	-	-
Travel	7	-	-
Utilities	4,063	-	-
Capital outlay	992,941	22,292	-
TOTAL EXPENDITURES	<u>1,983,464</u>	<u>22,292</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(74,617)	(2,038)	545
OTHER FINANCING SOURCES (USES):			
Operating transfer in (out)	<u>(80,203)</u>	<u>80,203</u>	<u>-</u>

See accompanying notes.

TOTALS
(Memorandum
Only)

1999	1998
<p>\$ 1,700,988</p> <p>34,918</p> <p>150,935</p> <p>5,686</p> <p>37,119</p> <hr style="border: 0.5px solid black;"/> <p>1,929,646</p>	<p>\$ 1,713,028</p> <p>34,918</p> <p>180,045</p> <p>4,772</p> <p style="text-align: center;">-</p> <hr style="border: 0.5px solid black;"/> <p>1,932,763</p>
<p>383</p> <p style="text-align: center;">-</p> <p>3,000</p> <p>6,600</p> <p>735</p> <p>27,010</p> <p>59,503</p> <p>87,789</p> <p>81,007</p> <p>87,292</p> <p>2,615</p> <p>3,454</p> <p>15,600</p> <p>44,376</p> <p>1,750</p> <p>554,379</p> <p>3,073</p> <p>4,393</p> <p>3,494</p> <p style="text-align: center;">7</p> <p>4,063</p> <p>1,015,233</p> <hr style="border: 0.5px solid black;"/> <p>2,005,756</p>	<p>330</p> <p style="text-align: center;">-</p> <p>3,000</p> <p>6,600</p> <p>620</p> <p>26,495</p> <p>26,050</p> <p>77,372</p> <p>33,341</p> <p>81,122</p> <p>3,439</p> <p>3,055</p> <p>15,600</p> <p>42,336</p> <p>2,850</p> <p>533,618</p> <p>3,003</p> <p>7,221</p> <p>3,195</p> <p style="text-align: center;">339</p> <p>4,110</p> <p>629,582</p> <hr style="border: 0.5px solid black;"/> <p>1,503,278</p>
<p>(76,110)</p>	<p>429,485</p>
<hr style="border: 0.5px solid black;"/> <p style="text-align: center;">-</p>	<hr style="border: 0.5px solid black;"/> <p style="text-align: center;">-</p>

GRAVITY DRAINAGE DISTRICT NO. 5
 OF WARD 4 OF CALCASIEU PARISH
 A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 For the Year Ended December 31, 1999

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ (154,820)	\$ 78,165	\$ 545
FUND BALANCE - BEGINNING	<u>4,884,983</u>	<u>454,670</u>	<u>13,044</u>
FUND BALANCE - ENDING	<u>\$ 4,730,163</u>	<u>\$ 532,835</u>	<u>\$ 13,589</u>

See accompanying notes.

TOTALS
(Memorandum
Only)

<u>1999</u>	<u>1998</u>
-------------	-------------

\$ (76,110)	\$ 429,485
-------------	------------

<u>5,352,697</u>	<u>4,923,212</u>
------------------	------------------

<u>\$ 5,276,587</u>	<u>\$ 5,352,697</u>
---------------------	---------------------

GRAVITY DRAINAGE DISTRICT NO. 5
 OF WARD 4 OF CALCASIEU PARISH
 A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 1999

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Ad valorem taxes - net	\$ 1,687,624	\$ 1,700,988	\$ 13,364
State revenue sharing	35,000	34,918	(82)
Interest	151,000	130,136	(20,864)
Miscellaneous	4,040	5,686	1,646
Reimbursement - CPPJ	-	37,119	37,119
TOTAL REVENUES	<u>1,877,664</u>	<u>1,908,847</u>	<u>31,183</u>
EXPENDITURES:			
Current:			
Advertising	300	383	(83)
Appraisals	2,400	-	2,400
Audit fees	-	3,000	(3,000)
Engineer fees	6,600	6,600	-
Equipment rental	1,000	735	265
Fuel & gas	28,000	27,010	990
Insurance	90,000	59,503	30,497
Insurance - group	96,000	87,789	8,211
Maintenance & repairs	66,500	81,007	(14,507)
Material & supplies	100,000	87,292	12,708
Miscellaneous	50,000	2,615	47,385
Office supplies	3,600	3,454	146
Per diem	15,600	15,600	-
Retirement	65,000	44,376	20,624
Right of way agent fees	5,000	1,750	3,250
Salaries	550,432	554,379	(3,947)
Taxes	5,100	3,073	2,027
Telephone	6,000	4,393	1,607
Tools	2,500	3,494	(994)
Travel	500	7	493
Utilities	4,800	4,063	737
Capital outlay	<u>1,203,000</u>	<u>992,941</u>	<u>210,059</u>
TOTAL EXPENDITURES	<u>2,302,332</u>	<u>1,983,464</u>	<u>318,868</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(424,668)	(74,617)	350,051
OTHER FINANCING SOURCES (USES):			
Operating transfers in (out)	<u>(80,000)</u>	<u>(80,203)</u>	<u>(203)</u>

See accompanying notes.

GRAVITY DRAINAGE DISTRICT NO. 5
 OF WARD 4 OF CALCASIEU PARISH
 A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 1999

	<u>GENERAL FUND</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ (504,668)	\$ (154,820)	\$ 349,848
FUND BALANCE - BEGINNING	<u>4,884,983</u>	<u>4,884,983</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 4,380,315</u>	<u>\$ 4,730,163</u>	<u>\$ 349,848</u>

See accompanying notes.

SPECIAL REVENUE FUND

<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
\$ 68,000	\$ 78,165	\$ 10,165
<u>454,670</u>	<u>454,670</u>	<u>-</u>
<u>\$ 522,670</u>	<u>\$ 532,835</u>	<u>\$ 10,165</u>

CAPITAL PROJECTS FUND

<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
\$ 590	\$ 545	\$ (45)
<u>13,044</u>	<u>13,044</u>	<u>-</u>
<u>\$ 13,634</u>	<u>\$ 13,589</u>	<u>\$ (45)</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, 1999

INTRODUCTION

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 compensated commissioners appointed by the Calcasieu Parish Police Jury and is authorized to construct, maintain and improve the system of gravity drainage within the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying general purpose financial statements of the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The District is a component unit of the Calcasieu Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on them.

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.

C. 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 relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of general fixed assets. Governmental funds of the District include:

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

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, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Special Revenue Fund-accounts for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.
3. Capital Projects Fund-accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The 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 of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. 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. Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) and recorded when paid (received).

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

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.

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

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, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Investments

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

H. Encumbrances

The District does not use encumbrance accounting in its budgetary process.

I. Prepaid Items

The District records as prepaid assets, expenditures during the current period that will benefit the subsequent period.

J. Fixed Assets

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest cost incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost, if historical cost is not available.

K. 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. The liability for accrued sick leave could not be reasonably estimated.

L. Fund Equity

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

M. Total Columns on Statements

The total columns on the 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 is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. 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.

O. 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 - AD VALOREM TAXES

For the year ended December 31, 1999 taxes of 4.78 mills were levied on property with assessed valuations totaling \$374,676,389 and were dedicated as follows:

General corporate purposes	4.78 mills
----------------------------------	------------

Total taxes levied were \$1,790,953.

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 - CASH AND CASH EQUIVALENTS

At December 31, 1999, the District has cash and cash equivalents (book balances) totaling \$3,461,787 as follows:

Demand deposits	\$ -
Interest-bearing demand deposits	1,456,747
Time deposits	2,005,000
Other	40
Total	<u>\$ 3,461,787</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, 1999

NOTE 3 - CASH AND CASH EQUIVALENTS

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. At December 31, 1999, the District has \$3,474,854 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$3,374,854 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) 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 within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - RECEIVABLES

The following is a summary of receivables at December 31, 1999:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Ad valorem taxes	\$ 1,734,225	\$ -	\$ 1,734,225
Other	281,201	247	281,448
Total	<u>\$ 2,015,426</u>	<u>\$ 247</u>	<u>\$ 2,015,673</u>

The District's receivables consist of ad valorem taxes receivable, interest receivable from bank deposits, and revenue receivable from the Calcasieu Parish Police Jury and the State of Louisiana. Due to the composition of its receivables, any bad debts would be immaterial to the financial statements and therefore an allowance for bad debts has not been recorded.

NOTE 5 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ -	\$ 119,577	\$ -	\$ 119,577
Buildings	30,722	-	-	30,722
Equipment	1,245,497	60,207	(13,498)	1,292,206
Construction in progress	-	19,338	-	19,338
TOTAL	<u>\$1,276,219</u>	<u>\$ 199,122</u>	<u>\$ (13,498)</u>	<u>\$ 1,461,843</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, 1999

NOTE 6 - PENSION PLAN

Plan Description. Substantially all employees of the District are members of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple - employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to 1% of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System under Plan A for the years ending December 31, 1999, 1998, and 1997 were \$44,376, \$42,336, and \$40,893 respectively, equal to the required contributions for each year.

NOTE 7 - COMPENSATED ABSENCES

At December 31, 1999, employees of the District have accumulated and vested \$1,763 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$1,763 is recorded as an obligation of the General Fund.

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, 1999

NOTE 8 - 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 9 - 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. The project is ongoing at this time.

GRAVITY DRAINAGE DISTRICT NO. 5
OF WARD 4 OF CALCASIEU PARISH
A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY
SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended December 31, 1999

COMPENSATION PAID BOARD MEMBERS

A schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. LA Rev. Statute 38:1794 authorizes the District to pay each board member \$65 for each meeting attended, up to 48 meetings per year.

See accompanying notes.

GRAVITY DRAINAGE DISTRICT NO. 5
OF WARD 4 OF CALCASIEU PARISH
A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
For the Year Ended December 31, 1999

<u>Name</u>	<u>Number</u>	<u>Amount</u>
Harvey Boyd	48	\$ 3,120
Johnny Hardy, Sr.	48	3,120
Don Nassar	48	3,120
Neil Nelson	48	3,120
Lewis Appleby	48	3,120
Total		<u>\$ 15,600</u>

See accompanying notes.

GRAVITY DRAINAGE DISTRICT NO.5 OF WARD 4 OF CALCASIEU PARISH
 A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY
 SUPPLEMENTAL INFORMATION SCHEDULE
 SCHEDULING OF FINDINGS
 For the Year Ended December 31, 1999

We have audited the financial statements of the Gravity Drainage District No.5 of Ward 4 of Calcasieu Parish as of and for the year ended December 31, 1999, and have issued our report dated January 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 1999 resulted in an unqualified opinion.

Section I Summary of Auditors' Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:		
Material Weaknesses	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Reportable Conditions	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Compliance:		
Compliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Section II Financial Statement Findings

99-1 I/C (Material weakness)

Segregation of duties: Because of the lack of a large staff, more specifically accounting personnel, there is a problem with segregation of duties necessary for proper controls. One person is currently performing the function of preparing disbursements, and reconciling the bank statements. We do note that this situation is inherent to most entities of this type and is difficult to solve due to the funding limitations of the District. We recommend that the commissioners take an active interest in the review of all of the financial information. This was also a prior year finding.

See accompanying notes.

GRAVITY DRAINAGE DISTRICT NO.5 OF WARD 4 OF CALCASIEU PARISH
A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY
SUPPLEMENTAL INFORMATION SCHEDULE
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
(UNAUDITED)
For the Year Ended December 31, 1999

Section I - Internal Control and Compliance Material to the Financial Statements:

99-1 I/C Segregation of duties:

This is an ongoing finding that cannot be corrected due to lack of financial resources.

Contact person – Harvey Boyd, President

See accompanying notes.

GRAVITY DRAINAGE DISTRICT NO.5 OF WARD 4 OF CALCASIEU PARISH
A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY
SUPPLEMENTAL INFORMATION SCHEDULE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 1999

Section I – Internal Control and Compliance Material to the Financial Statements

98-1 I/C (Ongoing finding) Segregation of duties:

Corrective action taken – Due to lack of sufficient financial resources, this finding cannot be resolved. See 99-1 I/C.

See accompanying notes.

INDEPENDENT AUDITORS' REPORT SECTION



Mires & Company
A Professional Corporation

Certified Public Accountants

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

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF 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, 1999, and have issued our report thereon dated January 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Gravity Drainage District No. 5 of Ward 4 of Calcasieu Parish's internal control over financial reporting 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 over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting 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. Reportable conditions are described in the accompanying schedule of findings as item 99-1 I/C.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may

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

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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 99-1 I/C to be a material weakness.

This report is intended solely for the information and use of management, the Board of Commissioners, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Mires & Company, CPAs, APC

Mires and Company, CPAs, APC
January 21, 2000

