GRAVITY DRAINAGE DISTRICT NO. 2
Vermilion Parish, Louisiana

Financial Report

Year Ended December 31, 2016
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INDEPENDENT ACCOUNTANTS’ REVIEW REPORT

To the Board of Commissioners
Gravity Drainage District No. 2
Vermilion Parish, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the major fund of the Gravity Drainage District No. 2 (the Drainage District), a component unit of the Vermilion Parish Police Jury, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Drainage District’s basic financial statements, as listed in the table of contents. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountants’ Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.
Accountant’s Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 22-23 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. The information is the representation of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Management has omitted the management’s discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 13, 2017
BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)
GRAVITY DRAINAGE DISTRICT NO. 2
Vermilion Parish, Louisiana

Statement of Net Position
December 31, 2016

ASSETS

Cash and interest-bearing deposits $1,158,796
Ad valorem taxes receivable 298,187
Due from other governmental units 14,394
Accrued interest receivable 346
Capital assets, net 90,039
Total assets 1,561,762

NET POSITION

Net investment in capital assets 90,039
Unrestricted 1,471,723
Total net position $1,561,762

See accompanying notes and independent accountants' review report.
GRAVITY DRAINAGE DISTRICT NO. 2  
Vermilion Parish, Louisiana  

Statement of Activities  
Year Ended December 31, 2016  

<table>
<thead>
<tr>
<th>Expenses:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Public works</td>
<td>$ 408,247</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>General revenues:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad valorem taxes</td>
<td>397,778</td>
</tr>
<tr>
<td>State revenue sharing</td>
<td>20,628</td>
</tr>
<tr>
<td>Interest income</td>
<td>7,241</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>17,711</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total general revenues</th>
<th>443,358</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net position</td>
<td>35,111</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net position, beginning</th>
<th>1,526,651</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net position, ending</td>
<td>$ 1,561,762</td>
</tr>
</tbody>
</table>

See accompanying notes and independent accountants' review report.
FUND FINANCIAL STATEMENTS (FFS)
GRAVITY DRAINAGE DISTRICT NO. 2  
Vermilion Parish, Louisiana

Balance Sheet - Governmental Fund  
General Fund  
December 31, 2016

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and interest bearing deposits</td>
<td>$1,158,796</td>
</tr>
<tr>
<td>Ad valorem taxes receivable</td>
<td>298,187</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>14,394</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>346</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$1,471,723</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FUND BALANCE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund balance:</td>
<td></td>
</tr>
<tr>
<td>Unassigned</td>
<td>$1,471,723</td>
</tr>
</tbody>
</table>

See accompanying notes and independent accountants' review report.
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total fund balance for the governmental fund</td>
<td>$1,471,723</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>90,039</td>
</tr>
<tr>
<td>Total net position of governmental activities</td>
<td>$1,561,762</td>
</tr>
</tbody>
</table>

See accompanying notes and independent accountants' review report.
GRAVITY DRAINAGE DISTRICT NO. 2
Vermilion Parish, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund
General Fund
Year Ended December 31, 2016

Revenues:
   Ad valorem taxes $ 397,778
   State revenue sharing 20,628
   Interest income 7,241
   Miscellaneous income 17,711
   Total revenues 443,358

Expenditures:
   Current -
      Public works - drainage 357,686
   Excess of revenues over expenditures 85,672

Fund balance, beginning 1,386,051

Fund balance, ending $1,471,723

See accompanying notes and independent accountants' review report.
GRAVITY DRAINAGE DISTRICT NO. 2  
Vermilion Parish, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities  
Year Ended December 31, 2016

Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balances $ 85,672

Depreciation expense (50,561)

Total changes in net position per Statement of Activities $ 35,111

See accompanying notes and independent accountants' review report.
(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Gravity Drainage District No. 2 (the Drainage District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of these notes.

A. 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. Oversight responsibility by the Police Jury is determined on the basis of the following criteria:

1. Appointment of governing board
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

Because the Police Jury created the Drainage District and appoints its board of commissioners, the Drainage District was determined to be a component unit of the Vermilion Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the fund maintained by the Drainage 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 governmental reporting entity.

The Gravity Drainage District No. 2 (the Drainage District) was created under the authority of Louisiana Revised Statute 38:1751-1802. The Drainage District is situated in northeast Vermilion Parish and was created on August 4, 1942 for the purpose of opening and maintaining all natural drains in the district, where drainage is accomplished using the natural forces of gravity. This may be accomplished by cutting and opening new drains, ditches, and canals. As provided by Louisiana Revised Statute 38:1758, the Drainage District is governed by five commissioners. These five commissioners are collectively referred to as the board of commissioners and are appointed by the Vermilion Parish Police Jury. The Drainage District is a component unit of the Vermilion Parish Police Jury, the governing body of the Parish and the governmental body with oversight responsibility.
B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the reporting government as a whole. The statements include all funds of the reporting entity. The Drainage District has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Drainage District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Drainage District, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the Drainage District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Drainage District maintains only one fund. It is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
GRAVITY DRAINAGE DISTRICT NO. 2  
Vermilion Parish, Louisiana  

Notes to Basic Financial Statements

The major fund of the Drainage District is described below:

Governmental Fund –

   General Fund – This fund is the primary operating fund of the Drainage District and it accounts for the operations of the Drainage District. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according the Drainage District policy.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

   On the government-wide statement of net position and the statement of activities, governmental activities are presented using the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

   In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Drainage District operations.

Basis of Accounting

   In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.
Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after the fiscal period, with the exception of state revenue sharing funds. For state revenue sharing funds the period is extended to 150 days after the fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Revenues

Intergovernmental revenues and fees, charges and commissions for services are recorded when the Drainage District is entitled to the funds.

Ad valorem taxes are recorded in the year taxes are due and payable. Ad valorem taxes are assessed in November, by the Parish Assessor, based on the assessed value and become due on November 15 of each year. The taxes become delinquent on January 1. An enforceable lien attaches to the property as of January 1. The taxes are generally collected in December, January, and February of the fiscal year. Property tax revenues are accrued at fiscal year-end to the extent that they have been collected but not received by the Vermilion Parish Tax Collector’s Office. Such amounts are measurable and available to finance current operations.

Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The Drainage District’s primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

The Drainage District uses unrestricted resources only when restricted resources are fully depleted.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest bearing deposits include all demand accounts, saving accounts, and certificates of deposits of the Drainage District.
Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. The Drainage District maintains a threshold level of $500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<table>
<thead>
<tr>
<th>Estimated Useful Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and Improvements</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
</tr>
</tbody>
</table>

In the fund financial statements, capital assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated absences

Full-time employees of the Drainage District with more than one year of service are allowed two weeks of vacation leave each year; full-time employees with one year’s service or less are allowed one week of vacation leave each year. Full time employees shall accrue sick leave at the rate of one (1) day per month of service. Sick leave may be carried over from year to year.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Drainage District has no deferred outflows of resources.
In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Drainage District has no deferred inflows of resources.

Equity classifications

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

a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance as follows.

- **Nonspendable** – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

- **Restricted** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

- **Committed** – amounts that can be used only for specific purposes determined by a formal action of the Drainage District board members. The Board is the highest level of decision-making authority for the Drainage District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Board members.
Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Drainage District’s adopted policy, only Board members may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the Drainage District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Drainage District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board members have provided otherwise in its commitment or assignment actions.

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Drainage 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 union, or the laws of the United States. The Drainage District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Drainage District’s deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. 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 pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances), are as follows:

<table>
<thead>
<tr>
<th>Deposits</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank balances</td>
<td>$1,167,242</td>
</tr>
<tr>
<td>Deposits are secured as follows:</td>
<td></td>
</tr>
<tr>
<td>Federal deposit insurance</td>
<td>$ 250,000</td>
</tr>
<tr>
<td>Uninsured and collateral held by the pledging bank, not in the District's name</td>
<td>917,242</td>
</tr>
<tr>
<td>Total</td>
<td>$1,167,242</td>
</tr>
</tbody>
</table>
(3) **Capital Assets**

Capital assets activity was as follows:

<table>
<thead>
<tr>
<th>Governmental activities:</th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Deductions</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets being depreciated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>$2,562</td>
<td>$ -</td>
<td>$ -</td>
<td>$2,562</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>577,786</td>
<td>-</td>
<td>-</td>
<td>577,786</td>
</tr>
<tr>
<td>Total capital assets being depreciated</td>
<td>580,348</td>
<td>-</td>
<td>-</td>
<td>580,348</td>
</tr>
<tr>
<td>Less accumulated depreciation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>1,803</td>
<td>108</td>
<td>-</td>
<td>1,911</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>437,945</td>
<td>50,453</td>
<td>-</td>
<td>488,398</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td>439,748</td>
<td>50,561</td>
<td>-</td>
<td>490,309</td>
</tr>
</tbody>
</table>

**Governmental activities, capital assets, net**

$140,600 $ (50,561) $ - $ 90,039

Depreciation expense in the amount of $50,561 was charged to the public works function.

(4) **Retirement Plan**

The Drainage District entered into a SIMPLE IRA Adoption Agreement with American Funds Distributors, Inc., setting up an Individual Retirement Account (IRA) plan for its employees. All employees who receive over $5,000 in annual compensation are eligible to participate in the Plan. Employees make elective deferrals to the Plan at whatever amount they choose up to the Internal Revenue Service’s imposed limits. The Drainage District makes matching contributions of each employee’s elective deferral up to a limit of 3% of the employee’s compensation. All contributions are made directly to an IRA set up for each employee. Contributions made to the plan by the Drainage District for the year ended December 31, 2016 were $2,340.

(5) **Compensation, Benefits, and other Payments to President**

A detail of compensation, benefits, and other payments paid to President Gerald LeBouef is as follows:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$ 2,100</td>
</tr>
</tbody>
</table>
(6) **Compensation Paid Board of Commissioners**

A summary of compensation paid to the board of commissioners is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Compensation ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael J. Sagrera</td>
<td>2,100</td>
</tr>
<tr>
<td>Blane J. Saunier</td>
<td>2,100</td>
</tr>
<tr>
<td>Ted Nolan</td>
<td>2,100</td>
</tr>
<tr>
<td>Gilliam J. Meaux</td>
<td>2,100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 8,400</strong></td>
</tr>
</tbody>
</table>

(7) **Litigation**

There was no litigation pending against the Drainage District at December 31, 2016.

(8) **Risk Management**

The Drainage District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Drainage District carries commercial insurance. There have been no significant reductions in the insurance coverage during the year.
REQUIRED
SUPPLEMENTARY INFORMATION
GRAVITY DRAINAGE DISTRICT NO. 2  
Vermilion Parish, Louisiana  
General Fund  

Budgetary Comparison Schedule  
Year Ended December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Variance - Favorable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ad valorem taxes</td>
<td>$350,609</td>
<td>$371,938</td>
</tr>
<tr>
<td>State revenue sharing</td>
<td>21,690</td>
<td>20,628</td>
</tr>
<tr>
<td>Interest income</td>
<td>850</td>
<td>762</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>-</td>
<td>13,968</td>
</tr>
<tr>
<td>Total revenues</td>
<td>373,149</td>
<td>407,296</td>
</tr>
<tr>
<td>Expenditures:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public works - drainage</td>
<td>398,461</td>
<td>369,584</td>
</tr>
<tr>
<td>(Deficiency) / excess of revenues over expenditures</td>
<td>(25,312)</td>
<td>37,712</td>
</tr>
<tr>
<td>Fund balance, beginning</td>
<td>1,386,051</td>
<td>1,386,051</td>
</tr>
<tr>
<td>Fund balance, ending</td>
<td>$1,360,739</td>
<td>$1,423,763</td>
</tr>
</tbody>
</table>

See independent accountants' review report
Notes to Budgetary Comparison Schedule
For the Year Ended December 31, 2016

(1) **Budgets and Budgetary Accounting**

The Drainage District follows these procedures in establishing the budgetary data reflected in the financial statements.

(a) Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

(b) The budget is employed as a management control device during the year that assists its user in financial activity analysis.

(c) Any changes in the proposed annual operating budget require a majority vote of the Board of Commissioners.

(d) No later than the last regular meeting of the fiscal year, the Board of Commissioners adopts the annual operating budget for the ensuing fiscal year.

(e) All budget appropriations lapse at year-end. The budgets presented are the originally adopted budget and the final amended budget.
ATTESTATION REPORT AND QUESTIONNAIRE
INDEPENDENT ACCOUNTANTS’ REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Gravity Drainage District No. 2
Vermilion Parish, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of the Gravity Drainage District No. 2 (the Drainage District), and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management’s assertions about the Drainage District’s compliance with certain laws and regulations during the year ended December 31, 2016, included in the accompanying Louisiana Attestation Questionnaire. Management of the Drainage District is responsible for its financial records and compliance with applicable laws & regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of 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 $30,000, or public works exceeding $150,000, and determine whether such purchases were made in accordance with RS 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1755 (the state procurement code), whichever is applicable.

No purchases were made during the year for equipment, materials, or supplies exceeding $30,000. There were no public works exceeding $150,000.

Code of Ethics for Public Officials and Public Employees

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

Management provided us with the required list including the noted information.

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 and amended budget.

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

We traced the adoption of the original budget and amended budget to the minute book.

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

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues did not fail to meet budgeted revenues by 5% and actual expenditures did not exceed budgeted amounts by 5% or more.

**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 fund and general ledger account.

   (c) determine whether payments received approval from proper authorities.

   Inspection of documentation supporting each of the six selected disbursements indicated approvals from the accountant and the chairman of the Board of Commissioners. In addition, each of the disbursements was traced to the district’s minute book where they were approved by the full commission.
Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law).

Gravity Drainage District No. 2 is only required to post a notice of each meeting and the accompanying agenda on the door of the District’s office building. Although, management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

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 all bank deposit slips for the period under examination and noted no deposits which 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, advance, or gifts.

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

Prior Comments and Recommendations

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. 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 Drainage District 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 13, 2017
LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)  

12/31/16 (Date Transmitted)  

Kolder, Champagne, Slaven & Co.  
P.O. Box 1055  
Abbeville, LA 70511  

--------------- (Auditors)  

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make 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 (date of completion/representations).  

Public Bid Law  
It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the 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 R.S. 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 R.S. 42:1119.  

Yes [✓] No [ ]  

Budgeting  
We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.  

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 R.S. 44:1, 44:7, 44:31, and 44:36.  

Yes [✓] No [ ]  

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.  

Yes [✓] No [ ]  

We have had our financial statements reviewed in accordance with R.S. 24:513.  

Yes [✓] No [ ]  

We have complied with R.S. 24:513 A, (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.  

Yes [✓] No [ ]  

Meetings  
We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.  

Yes [✓] No [ ]  

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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 R.S. 39:1410.60-1410.65.

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, R.S. 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 that may occur subsequent to the issuance of your report.

Signature: [Name]

Secretary 2-7-17 Date

Treasurer Date

President 2-7-17 Date