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**GRAVITY SUB-DISTRICT "A"
GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish
State of Louisiana**

COMPONENT UNIT FINANCIAL STATEMENTS

December 31, 1999

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 APR 05 2000

**GRAVITY SUB-DISTRICT "A"
GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish**

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GRAVITY SUB-DISTRICT "A"
GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish

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TRANSMITTAL LETTER
GENERAL PURPOSE FINANCIAL STATEMENTS

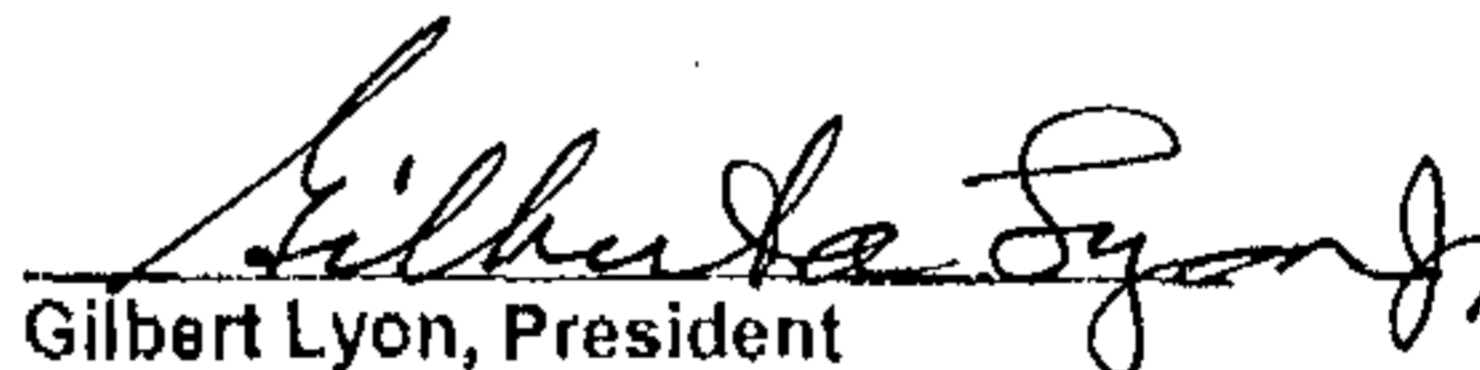
March 6, 2000

Office of the Legislative Auditor
Attention: Ms. JoAnne Sanders
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Ms. Sanders:

In accordance with Louisiana Revised Statute 24:514, enclosed are the general purpose financial statements, for the Gravity Sub-District "A", Gravity Drainage District One, Jefferson Davis Parish, State of Louisiana as of and for the year ended December 31, 1999. The report includes all funds under the control and authority of the Gravity Sub-District "A", Gravity Drainage District One, Jefferson Davis Parish, State of Louisiana. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles.

Sincerely,


Gilbert Lyon, President

Enclosure

BROADHURST, HAMILTON & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

3

ROBERT C. BROADHURST, CPA (1989)
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March 6, 2000

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Commissioners
Gravity Sub-District "A"
Gravity Drainage District One
Jefferson Davis Parish
State of Louisiana

We have compiled the accompanying financial statements of Gravity Sub-District "A", Gravity Drainage District One, a component unit of the Jefferson Davis Parish Police Jury, as of December 31, 1999, 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.


Certified Public Accountants

GRAVITY SUB-DISTRICT "A"
GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish

ANNUAL SWORN FINANCIAL STATEMENTS
AND CERTIFICATION OF REVENUES OF \$50,000 OF LESS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1999

The annual sworn financial statements are required by Louisiana Revised Statute 24:514 to be filed with the Legislative Auditor within 90 days after the close of the fiscal year. The certification of revenues \$50,000 or less, if applicable, is required by Louisiana Revised Statute 24:513(l)(l)(c)(i).

AFFIDAVIT

Personally came and appeared before the undersigned authority, Gilbert A. Lyon, JR, who, duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of the Gravity Sub-District "A", Gravity Drainage District One as of December 31, 1999, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.

In addition, Gilbert A. Lyon, JR, who, duly sworn, deposes and says that the Gravity Sub-District "A", Gravity Drainage District One, received \$50,000 or less in revenues and other sources for the fiscal year ending December 31, 1999, and, accordingly is not required to have an audit for the previously mentioned fiscal year-end.

Gilbert A. Lyon, JR
Signature

Sworn to and subscribed before me, this 27 Day of March, 2000, 1999.

Chicki T. Lyden
NOTARY PUBLIC

Officer Gilbert A. Lyon JR. PRES
Address 201 Pine Rd.
Welsh, La 70591
Telephone No. 337-734-3811

GRAVITY SUB-DISTRICT "A"
GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish

BALANCE SHEET
AS OF DECEMBER 31, 1999
(Prepared Without Audit or Review)

		<u>GOVERNMENTAL FUND TYPE</u>
		<u>SPECIAL REVENUE FUND</u>
<u>ASSETS AND OTHER DEBITS</u>		
<u>ASSETS:</u>		
Cash and cash equivalents	(Note 3)	\$ 4,081
Receivables	(Note 4)	<u>26,583</u>
 TOTAL ASSETS AND OTHER DEBITS		 <u>\$ 30,664</u>
 <u>LIABILITIES, EQUITY AND OTHER CREDITS</u>		
<u>LIABILITIES:</u>		
Accounts Payable		\$ 1,594
<u>FUND EQUITY:</u>		
Fund balance - unreserved - undesignated		<u>29,070</u>
 TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS		 <u>\$ 30,664</u>

NOTE: Subject to the comments contained in the Independent Accountants' Compilation report and notes to financial statements which are an integral part hereof.

**GRAVITY SUB-DISTRICT "A"
GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish**

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**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1999
(Prepared Without Audit or Review)**

REVENUES:

Ad valorem taxes	\$ 33,581	
State revenue sharing (net)	1,138	
Interest earnings	<u>297</u>	
 Total Revenues		 \$ 35,016

EXPENDITURES:

Per Diem Expense - Board Members	\$ 3,000	
Salaries	1,985	
Sheriff's pension fund	1,134	
Legal and Accounting	450	
Maintenance on Sub-District	46,053	
Office Supplies	<u>109</u>	
 Total Expenditures		 <u>52,731</u>

**DEFICIENCY OF REVENUES
UNDER EXPENDITURES** **\$ (17,715)**

FUND BALANCE AT BEGINNING OF YEAR **46,785**

FUND BALANCE AT END OF YEAR **29,070**

NOTE: Subject to the comments contained in the Independent Accountants' Compilation report and notes to financial statements which are an integral part hereof.

EXHIBIT B

**GRAVITY SUB-DISTRICT "A"
GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET
(GAAP/NON-GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1999
(Prepared Without Audit or Review)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES:</u>			
Ad-valorem taxes	\$ 33,862	\$ 33,581	\$ (281)
Revenue sharing	1,138	1,138	-
Interest	<u>-</u>	<u>297</u>	<u>297</u>
Total Revenues	\$ <u>35,000</u>	\$ <u>35,016</u>	\$ <u>16</u>
<u>EXPENDITURES:</u>			
Per Diem Expense - Board Members	\$ 3,000	\$ 3,000	\$ -
Salaries	\$ 1,800	\$ 1,985	\$ (185)
Sheriff's pension fund	1,098	1,134	(36)
Legal & Accounting	450	450	-
Maintenance on Sub-District	52,000	46,053	5,947
Office Supplies	<u>70</u>	<u>109</u>	<u>(39)</u>
Total Expenditures	\$ <u>58,418</u>	\$ <u>52,731</u>	\$ <u>5,687</u>
DEFICIENCIES OF REVENUES UNDER EXPENDITURES	\$ (23,418)	\$ (17,715)	\$ 5,703
FUND BALANCE AT BEGINNING OF YEAR	<u>46,785</u>	<u>46,785</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>23,367</u></u>	<u><u>29,070</u></u>	<u><u>5,703</u></u>

NOTE: Subject to the comments contained in the Independent Accountants' Compilation report and notes to financial statements which are an integral part hereof.

**GRAVITY SUB-DISTRICT "A"
GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish**

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NOTES TO FINANCIAL STATEMENTS

INTRODUCTION:

The Gravity Sub-District "A", Gravity Drainage District One, was created by the Jefferson Davis Parish Police Jury, as authorized by Louisiana Revised Statute 33:7721. The Gravity Sub-District "A" is governed by a five-member board of commissioners, nominated by the residents of the District and subsequently appointed by the parish police jury, that is responsible for providing proper drainage and maintenance of such systems. The commissioners receive no compensation for serving on the drainage sub-district's board. The drainage sub-district has one employee.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of The Gravity Sub-District "A", Gravity Drainage District One 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. The accompanying statements present only transactions of the Gravity Sub-District "A" Gravity Drainage District One.

B. REPORTING ENTITY

GASB Statement No. 14 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. These criteria include:

1. Appointment of a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential of the organization to provide specific financial benefits to or specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the organization's governing body, the Gravity Sub-District "A", Gravity Drainage District One was determined to be a component unit of the Jefferson Davis 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 funds maintained by the sub-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.

(Continued)

NOTES TO FINANCIAL STATEMENTS

C. FUND ACCOUNTING

The Gravity Sub-District "A" Gravity Drainage 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 accounting entity with a self-balancing set of accounts. The accounts of the Gravity Sub-District "A" Gravity Drainage District are organized and are operated on a fund basis. A separate set of self-balancing accounts is maintained that comprises its assets, liabilities, fund equity, revenue and expenditures.

Funds of the sub-district are classified as governmental funds. Governmental funds account for the sub-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 debt. Governmental funds of the sub-district include only a Special Revenue Fund. This fund accounts for the proceeds of specific revenues that are legally restricted to expenditures for specified purposes.

D. BASIS OF ACCOUNTING

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

The modified accrual basis of accounting is used by all governmental fund types and agency 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*.

Revenue

Ad valorem taxes and the related commission on state revenue sharing (which is based on population and homesteads in the parish) are recorded when earned. Interest income is recorded when earned. Miscellaneous revenues are recognized when received in cash. Self assessed taxes are recorded when earned.

Expenditures

Expenditures are recognized in the accounting period in which the fund liability is incurred, except for debt service, prepaid expenses and other long term obligations, if any, which are recognized when paid.

GRAVITY SUB-DISTRICT "A"
GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish

NOTES TO FINANCIAL STATEMENTS

E. BUDGET PRACTICES

The sub-district follows these procedures in establishing the budgetary data reflected in these financial statements:

1. Prior to November 1 each year, the District prepares an operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budget is legally adopted at the December meeting.
3. Budgets for the Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
4. Budgeted amounts are as originally adopted. There were no amendments during the year.
5. All budgetary appropriations lapse at the end of each year.

F. ENCUMBRANCES

The sub-district does not use encumbrance accounting.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. 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, money market accounts, 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.

Under state law, the sub-district may invest in United State 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. Investments are stated at amortized cost.

The cash amount included in the accompanying financial statements consists of demand deposits available for expenditures related to the drainage systems within the sub-district. To facilitate better management of Sub-District cash resources, cash in excess of current operating needs are invested in certificates of deposit.

H. INVENTORIES

Inventories are valued at the lower of cost or market. At December 31, 1999, the drainage sub-district had no inventories.

I. PREPAID ITEMS

At December 31, 1999, the drainage sub-district had no prepaid items.

(Continued)

**GRAVITY SUB-DISTRICT "A"
GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish**

NOTES TO FINANCIAL STATEMENTS

J. FIXED ASSETS

At December 31, 1999, the drainage sub-district had no fixed assets.

K. COMPENSATED ABSENCES

The drainage sub-district does not have a formal leave policy since it has only one part-time employee.

L. LONG-TERM OBLIGATIONS

At December 31, 1999, the drainage sub-district had no long-term obligations.

M. FUND EQUITY

Unreserved Fund Balance

Represents those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Reserved Fund Balance

Reserved fund balance represents tentative plans for future use of financial resources.

NOTE 2: LEVIED TAXES

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Gravity Drainage District #1 Sub A	<u>9.81 mills</u>	<u>9.81 mills</u>

NOTE 3: CASH AND CASH EQUIVALENTS

At December 31, 1999, the Sub-District had cash and cash equivalents totaling \$4,081, as follows:

Demand Deposits	\$ 4,079
Petty Cash	<u>2</u>
Total Cash and Cash Equivalents	<u>\$ 4,081</u>

These deposits are stated at cost, which approximates market value. 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 sub-district had \$4,079 in deposits (collected bank balances). These deposits are secured from risk by \$4,079 of federal deposit insurance.

(Continued)

**GRAVITY SUB-DISTRICT "A"
GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish**

NOTES TO FINANCIAL STATEMENTS

Even though 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 sub-district that the fiscal agent has failed to pay deposited funds upon demand. As of December 31, 1999, the sub-district did not have any funds secured by pledged securities.

NOTE 4: RECEIVABLES

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

CLASS OF RECEIVABLES

Ad valorem taxes-current	\$ 26,560
Ad valorem taxes-interest	<u>23</u>
Total Receivables	<u>\$ 26,583</u>

NOTE 5: LEASES

At December 31, 1999, the sub-district had no leases.

NOTE 6: RELATED PARTY TRANSACTIONS

There were no related party transactions during the year ended December 31, 1999.

NOTE 7: LITIGATION AND CLAIMS

The Sub-District is not aware of any claims, asserted or unasserted, pending as of December 31, 1999.