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**PRAIRIE GREGG GRAVITY  
DRAINAGE DISTRICT  
AND SUB DRAINAGE DISTRICT #2**  
Vermilion Parish, Louisiana

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 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 MAY 3 1 2000

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Prairie Gregg Gravity Drainage District  
and Sub Drainage District #2  
Vermilion Parish, Louisiana

We have audited the accompanying financial statements of the Prairie Gregg Gravity Drainage District and Sub Drainage District #2, (the District), a component unit of the Vermilion Parish Police Jury as of and for the year ended December 31, 1999, as listed in the table of contents. These financial statements are the responsibility of The Prairie Gregg Gravity Drainage District and Sub Drainage District #2 management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Prairie Gregg Gravity Drainage District and Sub Drainage District #2, at 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 a report dated April 28, 2000 on our consideration of the District's compliance with laws and regulations and on its internal control over financial reporting.

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The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the financial statements of the Prairie Gregg Gravity Drainage District and Sub Drainage District #2.

***Kolder, Champagne, Slaven & Rainey, LLC***  
Certified Public Accountant

Abbeville, Louisiana  
April 28, 2000

**FINANCIAL STATEMENTS**

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT  
AND SUB DRAINAGE DISTRICT #2  
Vermilion Parish, Louisiana

Combined Balance Sheet - All Fund Types  
December 31, 1999

	General Fund	General Fixed Assets	Totals (Memorandum Only)	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 144,524	\$ -	\$ 144,524	\$ 116,150
Interest receivable	2,024	-	2,024	1,607
Ad valorem taxes receivable	169,310	-	169,310	206,314
Prepaid insurance	1,697	-	1,697	1,295
Equipment	-	315,324	315,324	315,324
Total assets	<u>\$ 317,555</u>	<u>\$ 315,324</u>	<u>\$ 632,879</u>	<u>\$ 640,690</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Bank overdraft	\$ 1,255	\$ -	\$ 1,255	\$ -
Accounts payable	3,070	-	3,070	1,682
Payroll taxes payable	800	-	800	272
Total liabilities	<u>5,125</u>	<u>-</u>	<u>5,125</u>	<u>1,954</u>
Fund equity -				
Investment in general fixed assets	-	315,324	315,324	315,324
Fund balance -				
Unreserved - undesignated	<u>312,430</u>	<u>-</u>	<u>312,430</u>	<u>323,412</u>
Total fund equity	<u>312,430</u>	<u>315,324</u>	<u>627,754</u>	<u>638,736</u>
Total liabilities and fund equity	<u>\$ 317,555</u>	<u>\$ 315,324</u>	<u>\$ 632,879</u>	<u>\$ 640,690</u>

The accompanying notes are an integral part of this statement.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT  
AND SUB DRAINAGE DISTRICT #2  
Vermilion Parish, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget (GAAP Basis) and Actual - General Fund  
Year Ended December 31, 1999  
With Comparative Actual Amounts For Year Ended December 31, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes	\$ 225,000	\$ 194,268	\$ (30,732)	\$ 224,743
State revenue sharing	6,000	6,323	323	6,387
Interest income	8,000	9,453	1,453	8,799
Total revenues	<u>239,000</u>	<u>210,044</u>	<u>(28,956)</u>	<u>239,929</u>
Expenditures:				
Public works -				
Auto and truck	1,000	1,101	(101)	692
Bank charges	100	60	40	-
Board member fees	8,000	8,150	(150)	7,995
Fuel, oil, and lubricants	5,000	4,960	40	4,213
Insurance - group	34,000	31,800	2,200	33,557
Insurance	15,000	13,083	1,917	12,899
Miscellaneous	1,000	647	353	560
Office supplies	1,000	374	626	89
Per diem and travel	4,000	4,055	(55)	3,670
Professional fees	3,000	4,699	(1,699)	1,285
Rent, repairs & maintenance	60,000	60,435	(435)	57,971
Salaries	80,000	81,180	(1,180)	78,584
Supplies	1,200	3,163	(1,963)	1,130
Taxes and licenses	3,500	7,025	(3,525)	3,283
Utilities	-	294	(294)	313
Total expenditures	<u>216,800</u>	<u>221,026</u>	<u>(4,226)</u>	<u>206,241</u>
Excess (deficiency) of revenues over expenditures	22,200	(10,982)	(33,182)	33,688
Fund balances, beginning	<u>323,412</u>	<u>323,412</u>	<u>-</u>	<u>289,724</u>
Fund balances, ending	<u>\$ 345,612</u>	<u>\$ 312,430</u>	<u>\$ (33,182)</u>	<u>\$ 323,412</u>

The accompanying statement are an integral part of this statement.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT  
AND SUB DRAINAGE DISTRICT #2  
Vermilion Parish, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Prairie Gregg Drainage District and Sub Drainage District #2 (the District) of Vermilion Parish was created under the authority of Louisiana Revised Statutes 38:1751-1802. The drainage district is situated in southeast Vermilion Parish and was created for the purpose of opening and maintaining all natural drains in the district, where drainage is accomplished using the natural force of gravity. This may be accomplished by cutting and opening new drains, ditches, and canals. As provided by Louisiana Revised Statute 38:1758, the gravity 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 accompanying financial statements of the District 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.

A. 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 District and appoints its board members, the 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 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 governmental reporting entity.



PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT  
AND SUB DRAINAGE DISTRICT #2  
Vermilion Parish, Louisiana

Notes to Financial Statements (Continued)

B. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions 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.

The fund of the District is classified as a governmental fund. The fund classification and a description is as follows:

Governmental Fund - General Fund -

The Governmental Fund - General Fund is the general operating fund of the District and accounts for the District's general activities and all financial resources.

General Fixed Assets Account Group -

Fixed assets are accounted for in the general fixed assets account group, rather than in the governmental funds. Public domain or infrastructures are not capitalized. The account group is not a fund. It is concerned only with the measurement of financial position and does not involve measurement of results of operations.

C. 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 fund*. The *governmental fund* uses the following practices in recording revenues and expenditures:

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT  
AND SUB DRAINAGE DISTRICT #2  
Vermilion Parish, Louisiana

Notes to Financial Statements (Continued)

Revenues -

Ad valorem taxes, the related state revenue sharing (which is based on population and homesteads in the parish), and interest earned on certificates of deposit are recorded when they become measurable and available as net current assets. Ad valorem taxes are assessed for the calendar year, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Expenditures -

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

D. Budget Practices

The Prairie Gregg Gravity Drainage District and Sub Drainage District #2 adopts an annual budget for its General Fund that is prepared on cash estimates. The beginning fund balance is budgeted, and budget integration is not employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include original adopted amounts and all subsequent amendments.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures of monies are recorded in order to reserve fund balance, is not employed by the District.

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, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT  
AND SUB DRAINAGE DISTRICT #2  
Vermilion Parish, Louisiana

Notes to Financial Statements (Continued)

G. Fixed Assets

Fixed assets of the governmental fund (General Fund) 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 costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

H. Compensated Absences

Full-time employees of the District with more than one year of service are allowed two weeks of vacation leave each year; full-time employees with one year of service or less are allowed one week of vacation leave each year. Vacation leave does not accumulate from year to year. Full-time employees are allowed one day sick leave for each month worked beginning with the day they are employed. Employees can accumulate up to 148 days of sick leave, but the sick pay does not vest upon termination. The employee has no right to be compensated for unused sick leave.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

(2) Levied Taxes

Property taxes are levied each November 15 on the assessed value as of the prior January 1 for all real estate, merchandise, and movable property located within the district. Assessed values are established by the Vermilion Parish Assessor and the Louisiana Tax Commission at a percent of actual value, as specified by Louisiana law. An assessment of all property is required to be completed no less than every four years. Authorized and levied millages for ad valorem taxes were 15.79 mills in 1999 and 1998.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT  
AND SUB DRAINAGE DISTRICT #2  
Vermilion Parish, Louisiana

Notes to Financial Statements (Continued)

(3) Cash and Cash Equivalents

At December 31, 1999 and 1998, respectively, the District has cash and cash equivalents totaling \$144,524 and \$116,150 as follows:

	1999	1998
Demand deposits	\$ -	\$ 6,382
Time deposits	144,524	109,768
Total	\$ 144,524	\$ 116,150

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 \$145,536 in deposits (collected bank balances). These deposits are secured from risk by \$101,012 federal deposit insurance and \$44,524 of pledged securities held by 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, R.S. 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 police jury that the fiscal agent has failed to pay deposited funds upon demand.

(4) Changes in Fixed Assets

A summary of changes in general fixed assets follow:

Balance, January 1, 1999	\$315,324
Additions	-
Deletions	-
	\$ 315,324
Balance, December 31, 1999	\$ 315,324

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT  
AND SUB DRAINAGE DISTRICT #2  
Vermilion Parish, Louisiana

Notes to Financial Statements (Continued)

(5) Contingent Liabilities

There is no litigation pending against the District at December 31, 1999.

(6) Compensation Paid Board of Commissioners

The schedule of compensation paid board of commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The per diem paid to board members is included in the expenditures of the General Fund. Each member of the board receives \$65 for each day of attendance at meetings of the board. The schedule of compensation at December 31, 1999 and 1998 is as follows:

	1999	1998
Gerald Libersat	\$ 2,085	\$ 1,495
Pat Menard	585	2,080
Mark Broussard	1,510	1,560
Marcy Hebert	1,510	1,560
Carroll Primeaux	1,190	-
H.L. Moss	945	-
Kern Broussard	325	1,300
	\$ 8,150	\$ 7,995

**SUPPLEMENTARY INFORMATION**

**COMPLIANCE  
AND  
INTERNAL CONTROL**

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**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 Directors  
Prairie Gregg Gravity Drainage District  
And Sub Drainage District #2  
Vermilion Parish, Louisiana

We have audited the component unit financial statements of Prairie Gregg Gravity Drainage District and Sub Drainage District #2 (the District) for the year ended December 31, 1999, and have issued our report thereon dated April 28, 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 District'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 District'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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying summary schedule of prior and current audit findings and management's corrective action plan as item 99-1.

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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 financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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. We believe the reportable condition described above is a material weakness.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

*Kolder, Champagne, Slaven & Rainey, LLC*  
Certified Public Accountants

Abbeville, Louisiana  
April 28, 2000

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT  
AND SUB DRAINAGE DISTRICT #2  
Vermilion Parish, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
Year Ended December 31, 1999

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
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CURRENT YEAR (12/31/99) --

Compliance:

There were no compliance findings at December 31, 1999 or 1998.

Internal Control

99-1	Unknown	The District did not have adequate segregation of functions within the accounting system.	none	Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	Richard Dubois	N/A
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Management Letter

There was no management letter at December 31, 1999 or 1998.

PRIOR YEAR (12/31/98) --

(Same as 99-1)