

Financial Report

Seaview Drainage District No. 1 of the Parish of Livingston, State of Louisiana

A Component Unit of the Livingston Parish Council

December 31, 1991

Under provisions of state law, this report is a public document. A copy of this report has been distributed to the municipal clerk upon receipt of this report. This report is available to the public inspection at the drainage office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Volume No. 7 | 1412

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Parish of Livingston, State of Louisiana

A Component Unit of the Livingston Parish Council

December 31, 1991

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# NEIL G. FERRARI

MEMBER PUBLIC ACCOUNTANT  
SUITE 101 OLD HARRISON HIGHWAY, OFFICE 4  
BAYOU BOULEVARD, LA 70002

MEMBER OF THE  
BOARD OF ACCOUNTANTS

MEMBER OF THE  
AND REGISTERED FOR THE STATE OF LOUISIANA

PHONE (504) 737-1177

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of  
Gravity Drainage District No. 1 of the  
Parish of Livingston, State of Louisiana.

I have audited the accompanying general purpose financial statements of Gravity Drainage District No. 1 of the Parish of Livingston, State of Louisiana, ("the District"), a component unit of the Livingston Parish Council, as of and for the year ended December 31, 1981, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Gravity Drainage District No. 1 of the Parish of Livingston, State of Louisiana, as of December 31, 1981, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated May 13, 2003, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Baton Rouge, Louisiana,  
May 13, 2003.

*Neil A. Fournier, CPA*

# NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT  
14407 OLD HARRISBURG HIGHWAY, SUITE 4  
DIXON ROAD, LA TERRE

MEMBER OF THE  
BOARD OF ACCOUNTANTS OF LOUISIANA

MEMBER OF THE  
AMERICAN INSTITUTE OF CPAS

PHONE (504) 204-1127

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners of  
Gravity Drainage District No. 1 of the  
Parish of Livingston, State of Louisiana.

I have audited the general purpose financial statements of Gravity Drainage District No. 1 of the Parish of Livingston, State of Louisiana, ("the District"), a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2001, and have issued my report thereon dated May 15, 2002. I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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, I 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 these provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 accounts that would be material in relation to the general purpose 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, the Livingston Parish Council, 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.

*Neil B. Farai, CPA*

Baton Rouge, Louisiana  
May 16, 2002.

GENERAL PURPOSE FINANCIAL STATEMENTS

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**

Greenville Drainage District No. 1 of the Parish of Livingston, State of Louisiana  
A Component Unit of the Livingston Parish Council

December 31, 2001

	Governmental Fund Types		Account Groups		Total (Governmental Only)
	General Fund	Debt Service Fund	General Fund Assets	General Long-Term Debt	
<b>ASSETS AND OTHER DEBITS</b>					
<b>Assets:</b>					
Cash and cash equivalents	\$ 548,835	\$ 0	\$ 0	\$ 0	\$ 548,835
Investments	315,730	0	0	0	315,730
<b>Receivables:</b>					
Aut. retirement fee	248,384	0	0	0	248,384
Allowance for uncollectible aut. retirement fee	(17,389)	0	0	0	(17,389)
Sales tax	48,852	0	0	0	48,852
Revenue sharing	32,282	0	0	0	32,282
Expenses	1,473	0	0	0	1,473
Outstanding equipment & vehicles	0	0	890,325	0	890,325
<b>Other Assets:</b>					
Amount available in Debt Service Fund	0	0	0	0	0
<b>Total assets and other debits</b>	<b>\$ 1,208,811</b>	<b>\$ 0</b>	<b>\$ 890,325</b>	<b>\$ 0</b>	<b>\$ 2,100,811</b>
<b>LIABILITIES, FUND EQUITY, AND OTHER CREDITS</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 8,481	\$ 0	\$ 0	\$ 0	\$ 8,481
Deferred State revenue sharing	21,480	0	0	0	21,480
Collected aut. retirement tax revenues	16,827	0	0	0	16,827
<b>Total liabilities</b>	<b>46,788</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>46,788</b>
<b>Equity and Other Credits:</b>					
Investment in general fund assets	0	0	890,325	0	890,325
<b>Fund balances:</b>					
Designated for City's Creek Diversion Project	128,845	0	0	0	128,845
Unrestricted/unexpended	1,803,828	0	0	0	1,803,828
<b>Total equity and other credits</b>	<b>1,932,673</b>	<b>0</b>	<b>890,325</b>	<b>0</b>	<b>2,823,023</b>
<b>Total liabilities, equity and other credits</b>	<b>\$ 1,979,466</b>	<b>\$ 0</b>	<b>\$ 890,325</b>	<b>\$ 0</b>	<b>\$ 2,869,811</b>

The accompanying notes are an integral part of this statement.



**COMBINE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUND TYPES**

**Gearty (Parish) District No. 1 of the Parish of Iberville, State of Louisiana  
A Component Unit of the Iberville Parish Council**

**For the Year Ended December 31, 2011**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total (Reconciliation Only)</u>
<b>REVENUES</b>			
<b>Taxes:</b>			
Sales			
Ad valorem	\$ 408,124	\$ 0	\$ 408,124
Interest income from sale payment of ad valorem taxes	271,200	0	271,200
Intergovernmental	1,627	0	1,627
State of Louisiana revenues sharing	33,874	0	33,874
Intergovernmental	<u>45,522</u>	<u>1,200</u>	<u>46,722</u>
<b>Total revenues</b>	<u>799,347</u>	<u>1,200</u>	<u>800,547</u>
<b>EXPENDITURES</b>			
<b>Salaries</b>	100,000	0	100,000
Payroll taxes	18,827	0	18,827
Commodities per diem	7,500	0	7,500
Employee benefits			
401K program	8,000	0	8,000
Health Insurance	25,000	0	25,000
Insurance	87,877	0	87,877
Professional services	20,150	0	20,150
Materials and supplies	20,071	0	20,071
Travel operations and maintenance	25,000	0	25,000
Advertising and printing	30,470	0	30,470
Office expenses			
Utilities	2,470	0	2,470
Telephone	7,000	0	7,000
Office supplies	500	0	500
Sales tax collection fees	8,500	0	8,500
Uniforms	4,000	0	4,000
Miscellaneous obligations	500	0	500
Miscellaneous	50	0	50
Agent fee	0	100	100
<b>Debt service:</b>			
Principal retirement	0	40,000	40,000
Interest	0	1,200	1,200
Capital outlay	170,000	0	170,000
Intergovernmental	<u>10,200</u>	<u>0</u>	<u>10,200</u>
<b>Total expenditures</b>	<u>694,000</u>	<u>41,200</u>	<u>735,200</u>
<b>Excess of revenues over (under) expenditures</b>	105,347	(39,999)	65,348
<b>OTHER FINANCING SOURCES AND USES</b>			
<b>Borrowing (repayment to fund)</b>	<u>0</u>	<u>47,200</u>	<u>0</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	105,347	(8,799)	96,548
<b>FUND BALANCES</b>			
<b>Beginning of year</b>	<u>1,879,650</u>	<u>50,000</u>	<u>1,929,650</u>
<b>End of year</b>	<u>\$ 1,984,997</u>	<u>\$ 41,200</u>	<u>\$ 2,026,197</u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

Erectory Challenge District No. 5 of the Parish of Livingston, State of Louisiana  
A Component Unit of the Livingston Parish Council

For the Year Ended December 31, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes:			
Sales			
Ad valorem	\$ 395,000	\$ 405,134	\$ 10,134
Interest income from late payment of ad valorem taxes	211,500	211,300	80,200
Miscellaneous	1,500	1,833	333
Intergovernmental:			
State of Louisiana revenue sharing	22,000	20,894	(1,106)
Miscellaneous income	30,000	30,821	821
<b>Total revenues</b>	<b>680,000</b>	<b>709,882</b>	<b>29,882</b>
<b>EXPENSES</b>			
Current:			
Salaries	190,000	190,894	(894)
Payroll taxes	15,000	15,000	0
Commodities (oil, etc.)	7,000	7,280	280
Employee benefits:			
401(k) program	10,000	9,000	1,000
Health insurance	20,000	20,000	(0)
Insurance	80,000	87,811	(7,811)
Professional services	40,000	34,150	5,850
Materials and supplies	20,000	21,871	(1,871)
Travel operations and maintenance	20,000	20,487	(487)
Advertising and printing	20,000	20,410	590
Office expenses:			
Utilities	4,000	3,480	520
Telephones	7,000	7,850	(850)
Office supplies	500	500	(0)
Fees for collection fees	5,000	5,000	(0)
Uniforms	4,000	4,870	(870)
Indemnity obligation fee	500	500	0
Miscellaneous	500	50	450
Journal	100	0	100
Capital outlay	220,000	220,284	284
Intergovernmental	7,000	18,200	(11,200)
<b>Total expenditures</b>	<b>680,000</b>	<b>684,460</b>	<b>95,540</b>
Excess of revenues over expenditures	1,000	87,000	86,000
<b>OTHER FINANCING RESOURCES AND USES</b>			
Operating transfers (outlay)	0	17,200	17,200
Excess (shortfall) of revenues and other financing sources over expenditures and other financing uses	1,000	170,200	171,200
<b>FUND BALANCES</b>			
Beginning of year	1,170,000	1,170,000	
End of year	<b>1,171,000</b>	<b>1,340,200</b>	

The accompanying notes are an integral part of this statement.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Gravity Drainage District No. 1 of the  
Parish of Livingston, State of Louisiana

A Component Unit of the Livingston Parish Council

December 31, 2001

Note 1 - ORGANIZATION, NATURE OF OPERATIONS, AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Nature of Operations:

Gravity Drainage District No. 1 of the Parish of Livingston, State of Louisiana ("the District") was created November 23, 1969, by the Livingston Parish Council, as provided by Louisiana Revised Statute 33:2782. A board of five commissioners who are appointed by the Livingston Parish Council governs the District. For the year 2001, the District's regular staff consisted of four employees, not including its commissioners. The District is authorized to construct, maintain and improve the system of gravity drainage (approximately 160 miles) within Ward Two of Livingston Parish, Louisiana. The main office for the District is located in Bertram Springs, Louisiana.

b. Reporting Entity:

The Livingston Parish Council is the financial reporting entity for Livingston Parish, Louisiana. The Livingston Parish Council appoints a voting majority of the District's governing body and can impose its will on the District. Accordingly, the District has been determined to be a component unit of the Livingston Parish Council.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Livingston Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity for Livingston Parish, Louisiana.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**  
**(continued)**

**b. Reporting Entity - (continued)**

The District has no entities or organizations that are required to be included in its financial report as component units as defined by Governmental Accounting Standards Board Statement 14.

**c. Basis of Statement Presentation:**

The accounting and reporting policies of the District conform to generally accepted accounting principles (GAAP) of the United States of America as applicable to governmental units. The governmental accounting standards board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In addition, the accounting and reporting procedures conform to the requirements of Louisiana Revised Statutes 24:114, the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

**d. Fund Accounting:**

The District uses funds and account groups to report 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 governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. 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, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The governmental funds presented in the financial statements are described as follows:

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**  
**(Continued)**

**d. Fund Accounting: - (continued)**

**Governmental Fund Types**

**General Fund:**

The General Fund is the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid for through other funds are paid from the General Fund.

**Debt Service Fund:**

The Debt Service Fund is used to account for transactions relating to resources obtained and used for the payment of interest and principal on those long-term obligations recorded in the General Long-Term Debt Account Group.

**e. Account Groups:**

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 following two account groups are not "funds".

**General Fixed Assets:**

The fixed assets used in governmental fund type operations of the District are accounted for (capitalized) in the General Fixed Assets Account Group and are recorded as expenditures (capital outlays) in the governmental fund types when purchased or constructed.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**  
**(continued)**

**e. Account Groups - (continued)**

**General Long-Term Debt:**

The General Long-Term Debt Account Group accounts for long-term liabilities that are expected to be financed from governmental funds. Principal and interest payments on long-term liabilities (public improvement bonds) are accounted for in the Debt Service Fund.

**f. 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 (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financial uses) in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues, expenditures, and transfers.

**Revenue Recognition**

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both "available and measurable." Available means due or past due and collectible within the current period, and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period (normally within 90 days unless special circumstances indicate otherwise). Measurable means the amount can be determined.

The following are the revenue recognition policies used by the district:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
(Continued)

F. Basis of Accounting: - (continued)

- All valorem taxes are recorded as receivables and deferred revenues at the time the tax levy is billed. Revenues are recognized as the property taxes are received by the District from the Parish Sheriff's office. In accordance with the modified accrual basis of accounting, the District also recognizes all valorem tax revenues as current year revenues if they are received within sixty days of year-end.

The property tax revenues reported in these financial statements do not include any amounts that are due and remain uncollected by the Sheriff. However, property tax revenues include amounts withheld by the Sheriff to make "on-behalf" payments for fringe benefits" which represent the District's pro-rata share of retirement plan contributions for other governmental units. (See Note 2)

- Investment Income is composed of interest income, realized gains and losses on the sale of investments, and changes in the fair value of investments. Interest income is recorded when it is both measurable and available. Realized gains and losses on the sale of investments are recorded at the time of sale. Changes in the fair value of investments are recorded based on the current share price of the open-end mutual fund and on the current market price of the U.S. Treasury bonds.
- State revenue sharing and sales tax revenues are recognized when they are both measurable and available to finance expenses of the current fiscal year. However, state revenue sharing is recorded as a receivable and a deferred revenue at the time the District receives notification from the Parish that they qualify to receive payments during the current year. As the payments are made available to finance expenses of the current year, they are moved from deferred revenues into revenues of the current period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
(continued)

f. Basis of Accounting - (continued)

Expenditures

Expenditures, other than principal and interest on long-term debt, are recognized in the accounting period in which the liability is incurred, if measurable.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). They are recorded when the transfer is made. During the year, the District transferred all remaining funds from the Debt Service Fund to the General Fund because all long-term debt had been paid in full and the Debt Service Fund was closed.

g. Budgetary Policy and Budgetary Accounting

The District prepares an annual operating budget on the modified accrual basis for a general activity that is consistent with generally accepted accounting principles (GAAP).

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- Before the second Tuesday of November, the District prepares a budget for the next fiscal year that begins January 1. The operating budget includes proposed expenditures and the means of financing them.
- The board members discuss the proposed budget at the regular meeting of the Board of Commissioners on the second Tuesday of November and set the date for the special public hearing on the proposed budget.



**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**  
**(continued)**

**g. Budgetary Policy and Budgetary Accounting: -**  
**(continued)**

- The public hearing to review and discuss the budget is held immediately before the regular meeting of the Board of Commissioners on the second Tuesday in December. The public hearing for the District's 2001 budget was held on December 12, 2000. The public hearing for the District's 2002 budget was held December 12, 2001.
- During its regular meeting that follows the public hearing, the Board of Commissioners adopts the budget.

Once the budget is approved, it can be amended by approval of a majority of the Board of Commissioners. The process of presenting and approving budget amendments follows a procedure similar to the one used to adopt the initial budget. There was one amendment made to the budget that was initially adopted for 2001. The amendment was approved at a regular meeting of the District's Board of Commissioners on December 12, 2001.

All budget appropriations lapse at year-end.

**h. Encumbrances:**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used by the General Fund to reserve portions of certain appropriations relating to purchase orders, contracts, and other commitments for the expenditure of resources. In accordance with generally accepted accounting principles, outstanding encumbrances at year-end for which goods and services have been received are reclassified as expenditures and accounts payable. For budgetary purposes, appropriations lapse at year end and are either cancelled or are re-appropriated in next year's budget.

**Page 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**  
(continued)

**b. Encumbrances - (continued)**

Encumbrances outstanding at year-end, that are reported as reservations of fund balances, do not constitute expenditures or liabilities, but represent commitments that will be re-appropriated and honored next year by the District. At year-end, there were no outstanding, significant encumbrances requiring a reservation of the District's fund balance.

**i. 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. Cash and cash equivalents are presented at cost in the District's balance sheet.

**j. Investments**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2825 and the District's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

GAAP Statement 33 requires the District to report its investments at fair value on the balance sheet except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided that the fair value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
(Continued)

k. Prepaid Items:

Prepaid items are accounted for as expenditures in the period when the money is disbursed.

l. General Fixed Assets and Depreciation:

General fixed assets include any land, buildings, equipment, and vehicles owned by the District. All fixed assets are valued at historical cost or estimated historical cost, if historical cost is not available. No costs have been estimated because historical cost information was available for all fixed assets. In cases where assets are constructed with borrowed money the interest expense paid on the related debt is capitalized as part of the cost of the asset. No depreciation has been provided on assets in the General Fixed Assets Account Group.

It is the District's policy to capitalize purchases of movable property costing at least 500 and purchases of real property and improvements costing at least \$1,000.

m. Infrastructure:

The District has elected not to capitalize infrastructure, infrastructure, or public domain general fixed assets, are immovable assets generally of value only to the state or local government. Drainage systems are considered infrastructure. Therefore, new drainage systems and major improvements to existing systems, including related permit applications and environmental impact mitigation fees, are recorded as capital outlays of the General Fund but are not included in the General Fixed Asset account group.

**Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**  
(continued)

**h. Vacation and Sick Leave:**

All permanent full-time employees earn from 10 to 20 days of vacation leave each year on their anniversary date depending upon the number of years employed. All permanent full-time employees earn from 10 to 100 hours of sick leave each year depending upon the number of years employed.

Vacation and sick leave cannot be accumulated beyond one year. The District has not accrued any expenses relating to unused leave in the financial statements because accrued but unused vacation was not a significant amount. The cost of accrued leave privileges is recognized as a current year expenditure in the General Fund when the leave is actually used.

**i. Transfers and Interfund Loans:**

Transfers are advances between funds that are not expected to be repaid. In cases where repayment is expected, the advances are accounted for through various "due from" and "due to" accounts.

**j. Reservations and Designations of Fund Balances:**

Reserved fund balances represent those portions of the fund balance that are either not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources as approved by the Board of Commissioners.

**k. Management's 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 may differ from those estimates.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**  
**(continued)**

**c. Total Columns on the Statements:**

The total columns in the General Purpose Financial Statements are captioned "Memoranda 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.

**Note 3 - CASH AND CASH EQUIVALENTS**

As December 31, 2001, the District has cash and cash equivalents totaling \$546,628, as follows:

petty cash	\$ 199
interest bearing demand	
deposits at Hancock Bank	91,328
Certificates of deposit at	
Hibernia National Bank	455,101
<b>Totals</b>	<b>\$546,628</b>

The interest bearing demand deposits at Hancock Bank are represented by two accounts which, when combined as of December 31, 2001, had collected bank balances of \$91,328. Because these bank deposits are covered entirely by federal deposit insurance, GAO's statement 3 categorizes their credit risk as Category 1.

The certificates of deposit at Hibernia National Bank represent nonparticipating interest-bearing investment contracts as described in GAO's Statement 31. Accordingly, they have been reported at cost in these financial statements.

The certificates of deposit are secured from risk by \$100,000 of federal deposit insurance (Category 1) and a pledge of securities by Hibernia National Bank with a fair market value of \$546,628. The amount of deposits that have been collateralized by a pledge of securities is also a Category 1 type credit risk because the pledged securities are held in the district's name by custodial banks that are mutually acceptable to both Hibernia National Bank and the District.

Note 2 - CASH AND CASH EQUIVALENTS - (continued)

Under state law, bank deposits must be secured by federal deposit insurance or the pledge of securities that are owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent bank. The pledged securities are to be held in the name of the pledging fiscal agent bank at a leading or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 38:1229 imposes a statutory requirement on the custodial bank (entity holding the pledged securities) to advertise and mail the pledged securities within 10 days of being notified by the District that the District's bank has failed to pay deposited funds upon demand.

Petty cash of \$100 is unsecured.

Note 3 - INVESTMENTS

The District's primary purpose for investing is to earn interest income on money that has been determined to be in excess of immediate cash needs. Louisiana Revised Statute 11:2500 sets forth a list of the types of investments in which a political subdivision may invest its temporarily idle funds.

Investments at December 31, 2001 consisted of the following:

Type of Investment	Reported Amount	Maturity	Interest Rate
Certificates of Deposit:			
Hercotek Bank	\$ 80,800	1/3/02	3.75%
Hercotek Bank	112,340	1/3/02	3.75%
Mutual Funds:			
Dally Passport Cash Trust	1,408	Fixed	1.58%
Futura U.S. Govt. Income Trust	81,408	Fixed	Variable
U.S. Treasury Bonds	87,818	8/15/02	4.75%
	<u>\$ 353,772</u>		

The fair values of the District's investments do not materially differ from their reported amounts.

Page 3 - INVESTMENTS - (continued)

At December 31, 2001, the District had invested \$100,140 in certificates of deposit at Hancock Bank. The certificates of deposit represent nonparticipating interest-earning investment contracts as described in Note Statement 21. Accordingly, they have been reported at cost in these financial statements.

The certificates of deposit are secured from risk by \$100,000 of Federal deposit insurance (Category 1) and a pledge of securities by Hancock Bank with a fair market value of \$1,110,000. The amount of deposits that have been collateralized by a pledge of securities in a category 2 type credit risk because the pledged securities are held in the District's name by a custodial bank that is an agent of Hancock Bank.

The \$1,000 held in the Edward D. Jones "Daily Passport Cash Trust" money market mutual fund account is protected up to \$500,000 by the Securities Investor Protection Corporation, a non-profit corporation created by Congress that receives revenues from the broker-dealers who are required by law to be SIPC members. SIPC provides protection in the event that Edward D. Jones fails financially and is unable to meet its obligations to its customers. SIPC protection does not cover any decreases in the net asset value of the shares of the money market mutual fund produced by market fluctuations.

Accordingly, the District is at risk for any amount held in the money market mutual fund. As of December 31, 2001, the Daily Passport Cash Trust's portfolio included about 43.7% of securities which were direct U.S. Treasury obligations and obligations of other U.S. Government agencies.

The FIDELITY U.S. Government Income Trust mutual fund invests only in U.S. Government Securities, such as: obligations issued directly by the U.S. Treasury and obligations issued or guaranteed by U.S. government agencies. There were no sales of this mutual fund during the year; however, \$4,500 of dividends earned were reinvested to buy more shares of the fund.

The District's mutual fund investments have not been assigned a category of credit risk similar to the other investments because this type of investment is not evidenced by securities that exist in physical or book entry form.

**Note 3 - INVESTMENTS - (continued)**

U.S. Treasury bonds were purchased on May 15, 1999 for \$75,531. These bonds do not pay periodic interest but are redeemable for their face value of \$88,000 on August 15, 2001.

The Patman U.S. Government Income Trust mutual fund and the U.S. Treasury bonds had their fair values increase by \$733 and \$1,665, respectively, during 2001. These unrealized gains have been recorded as a component of investment income in the current year's combined statement of revenues, expenditures, and changes in fund balance.

**Note 4 - RECEIVABLES**

The following is a summary of general fund receivables at December 31, 2001:

Ad valorem taxes	5206,588
Allowance for uncollectible taxes	117,799
Sales tax	40,842
State revenue sharing	22,282
Total receivables	5387,511

The receivable for ad valorem taxes consists of delinquent taxes from 2001. Because these taxes are already delinquent, management has set up an allowance account using an estimate based upon historical collection experience. The rate used to estimate the allowance for 2001 was 2.24% of the total ad valorem taxes receivable. So far, the District has recognized collections of about 88% of the total taxes due in 2001. Ad valorem tax collections from prior years that were remitted to the District by the Livingston Parish Sheriff and Tax Collector between January 1 and February 28, 2002, are also included as ad valorem taxes receivable.

The receivable for sales tax consists of taxes for December 2001 remitted by the Livingston Parish School Board in January 2002. The receivable for state revenue sharing includes all of the funds due to the District for 2001. Management has deemed it unnecessary to set up an allowance for uncollectible accounts for the sales tax and state revenue sharing receivables because of the certainty of their collection.



**Note 1 - AD VALOREM TAXES**

In July 2001, the voters, who live within the boundaries of Gravity Drainage District No. 3 of Livingston Parish, Louisiana, passed a 5 mill (50 per cent of assessed valuations) ad valorem tax to provide operating funds for the District. The tax is effective for a tax-year period (2001-2002).

The ad valorem taxes are levied each November 15 on the taxable assessed value listed as of the prior January 1 for all real and business personal property located within the boundaries of Gravity Drainage District No. 3. Taxable assessed value represents the appraised value of the property less exemptions allowed by law. The Livingston Parish Assessor periodically determines the appraised values.

As of January 1, 2002, the assessed value of the property located within Gravity Drainage District No. 3 of Livingston Parish, Louisiana, was approximately \$27,248,890. For 2001, the District's management elected to assess the parish a 5 mill to finance the operations of the District.

Taxes are due on November 15, the levy date, and they become delinquent on the following January 1. The taxes are generally collected in December of the current year and January through March of the following year. During late April or May, of the year following the year the tax was levied, the Sheriff's office sends out delinquency notices to the property owners. Soon after the Sheriff has mailed the delinquency notices, he will publish them in the newspaper. After a second publication in the newspaper and at least 30 days from the date of the first publication, the property is advertised for auction. The auction usually takes place in May or June. Properties sold at auction have liens placed on them by their buyers. The parish will put a lien on any properties not sold at the auction.

**Note 4 - CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance 01-01-81	Additions	Deletions	Balance 12-31-81
Equipment	\$431,884	\$183,879	\$ -	\$615,763
Vehicles	204,357	83,174	-	287,531
Building	78,343	7,284	-	85,627
Land	41,800	-	-	41,800
Furniture & Fixtures	8,332	-	-	8,332
	<u>\$664,616</u>	<u>\$274,337</u>	<u>\$ -</u>	<u>\$938,953</u>

**Note 7 - RETIREMENT PLANS**

The District's employees participate in the Federal Social Security program, then the District is required to remit an amount equal to the employee's contribution. For 1981, the current rate of contribution was 7.65% of an employee's gross pay until the employee's annual gross pay equaled \$80,400. The rate is reduced to 1.45% of an employee's gross pay for amounts that exceed \$80,400. The District does not guarantee any of the benefits queried by the Federal Social Security program. None of the District's employees' wages exceeded \$80,400 this year.

On January 3, 1981, the District adopted the Patran Prototype Simplified Employee Pension Plan (SEP) for its employees. Under this defined contribution plan, the District's Board of Commissioners established individual retirement accounts with Patran Investments for each eligible employee to whom the District will make a contribution as determined on a year-to-year basis. Because contributions are made to individual retirement accounts, all contributions received by an employee are 100% vested. The employee may select between several investment options. The District does not guarantee the results of these investments. The District's Board of Commissioners voted to contribute 8.0% of eligible wages (\$89,688) for 1981.

**Note 7 - RETIREMENT PLANS - (continued)**

Accordingly, the District contributed \$8,888 for the employees who were eligible to participate in 2001. Total gross payroll for all employees, including commissioner per diem, for the year was \$284,371. The employees eligible to participate in the plan cannot elect to contribute to the plan. The District must make all contributions.

Contributions cannot exceed the lesser of 15% of each eligible employee's compensation, including compensation in excess of \$170,000, or \$30,000. Eligible employees include anyone at least age 21 who has worked for the District three of the last five years, and received at least \$200 of wages during the year. Members of the Board of Commissioners are not eligible to participate in the plan.

**Note 8 - CO-EMERGENCY PAYMENTS FOR FRANCHISE BENEFITS**

Because the District is one of several governmental agencies receiving proceeds from a property tax assessment, it has to bear a pro-rata share of the possible expense relating to the public employees of Livingston Parish who participate in the Parochial Employee's Retirement System. The District's pro-rata share of the required contribution was \$10,268. This amount was withheld by the Sheriff from property tax collections to satisfy the District's obligation as an "intergovernmental" expenditure of the General Fund in these financial statements. As described in Note 11, the District has also increased its property tax revenues by the same amount of the intergovernmental expenditures. None of the District's employees participate in or benefit from any pension plan relating to this expenditure.

**Note 9 - CHANGES IN GENERAL LONG-TERM DEBT**

The following is a summary of the changes in general long-term debt for the District for the year ended December 31, 2001:

Description Of Debt	Balance 01-01-01	Issued	Retired	Balance 12-31-01
Public Improvement bonds	\$40,000	\$ -	\$140,000	\$ -
Total	\$40,000	\$ -	\$140,000	\$ -

The District's long-term debt was entirely paid off this year. The final principal and interest payment of \$41,180 was made on February 13, 2001. The original debt consisted of the unpaid principal of public improvement bonds that were issued for \$200,000 on March 3, 1971. Dating 2001, the bonds matured at an interest rate of 4.5 percent per annum. The bonds were secured by an ad valorem tax on real and business personal property within Ward Two of Livingston Parish, Louisiana.

**Note 10 - CONTINGENCIES**

The District is a defendant in a lawsuit whereby a previous employee has alleged that he was unlawfully terminated and did not receive all his compensation for work performed and for unpaid vacation leave. The District's management and attorney believe this case has no merit and that the District will not have any liability in this matter. The District's management and attorney have consulted and decided to vigorously defend this lawsuit.

The District is a defendant in a second lawsuit wherein the plaintiff alleges that her property was damaged. No estimate of any potential liability to the District can be made at this time; however, the District has insurance coverage for this incident. The District's management and attorney have consulted and decided to vigorously defend this lawsuit.

**Note 11 - INCOME TAXES**

The District is exempt from all Federal and Louisiana income taxes.

**NOTE 12 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the District's insurance coverage.

The District's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

The District has elected to purchase health insurance for the employees and their families. The District paid the full premium for the employees and their dependents in 2001.

**NOTE 13 - RELATED PARTY TRANSACTIONS**

There were no related party transactions in 2001.

**NOTE 14 - DESIGNATION OF FUND BALANCE**

The Board of Commissioners has designated money towards the Gray's Creek Diversion project. This project is necessary to alleviate flooding which frequently occurs in Livingston Parish, Louisiana. The State of Louisiana is expected to provide a grant for this project in the next one to two years and the District will be required to provide matching funds to receive the grant. Until the money is received, management has invested the money in a certificate of deposit, which has a value of \$128,848 as December 31, 2001, and is included as an investment of the General Fund.

**Note 15 - PER DIEM FARE BOARD MEMBERS**

Each member of the Board of Commissioners receives a per diem allowance of \$40 for attending each regular or special meeting of the board, not to exceed 10 meetings in one calendar year. Per diems were paid to the commissioners for the year ended December 31, 2001, as follows:

<u>Commissioner</u>	<u>Number of Meetings</u>	<u>Amount Received</u>
Norman Fogg	24	\$1,600
David Cook	24	1,600
Richard Miller, Jr.	24	1,440
George Frowest	24	1,440
Jessie Wheat	24	1,440
Total		\$7,120

**Note 16 - NEW REPORTING STANDARDS**

In 2001, the District implemented the Governmental Accounting Standards Board's Statement 33 "Accounting and Financial Reporting for Nonexchange Transactions." As a result of implementing this statement, the District has started to accrue a receivable for certain revenues at the time that all requirements have been met for the revenues to be received, regardless of when the revenues are actually received by the District. Because the District uses a modified accrual basis of accounting, revenues are recognized only when received before year-end or within 60 days of year-end. Accordingly, the amount of the receivable accrual may not always equal the corresponding amount recognized as revenue. The resulting difference is recorded as deferred revenue on the balance sheet and recognized as income when the revenue recognition criteria are met. The District did not have to adjust its beginning fund balance because of the requirement to implement GASB Statement 33. The only changes affecting the District related to receivables and deferred revenues on the 2001-combined balance sheet.

In June 1999, the Governmental Accounting Standards Board (GASB) issued statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past.

Note 14 - NEW RECEIVING STANDARDS - (continued)

Comparability with reports issued in all prior years will be affected. The District is required to implement this standard for the fiscal year ending December 31, 2003. The District has not yet determined the full impact that adoption of GASB Statement 34 will have on the financial statements.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Gravity Drainage District No. 1 of the  
Parish of Livingston, State of Louisiana**

**A Component Unit of the Livingston Parish Council**

**For the Year Ended December 31, 2001**

I have audited the financial statements of Gravity Drainage District No. 1 of the Parish of Livingston, State of Louisiana, as of and for the year ended December 31, 2001, and have issued my report thereon dated May 28, 2002. I conducted my 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. My audit of the financial statements as of and for the year ended December 31, 2001 resulted in an unqualified opinion.

**Section I - Summary of Auditor's Reports**

**a. Report on Internal Control and Compliance Material to the  
Financial Statements**

**Internal Control:**

Material Weaknesses \_\_\_\_\_ Yes  No  
Reportable Conditions \_\_\_\_\_ Yes  No

**Compliance:**

Compliance Material  
to Financial Statements \_\_\_\_ Yes  No

**b. Federal Awards**

There were not any federal awards. This section is not applicable.

**c. Identification of Major Programs:**

This section is not applicable.

**Section II - Financial Statements Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

This section is not applicable.

**Section IV - Management Letter**

No management letter was issued this year.



SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Gravity Drainage District No. 1 of the  
Parish of Livingston, State of Louisiana

A Component Unit of the Livingston Parish Council

For the Year Ended December 31, 2001

Section I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS

There were not any findings reported last year.

Section II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AGENCIES

Not applicable.

Section III - MANAGEMENT LETTER

No management letter was issued last year.