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QUALITY SERVICE DISTRICT NO. 2
OF WASHINGTON PARISH
FINANCIAL REPORT
DECEMBER 31, 1986

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Release Date JUL 16 1987

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SEWER DRAINAGE DISTRICT NO. 2 OF VERMILION PARISH
BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1990

| ASSETS | GENERAL FUND TYPE | |
|------------------------------------|-------------------|-----------------|
| | General Fund | Service Fund |
| Cash and cash equivalents | \$ 20,488 | \$ -- |
| Certificates of deposit | 574,488 | -- |
| Receivables: | | |
| All various taxes | 102,180 | -- |
| STATE REVENUE SHARING | 11,885 | -- |
| Other | 780 | -- |
| Equipment | -- | -- |
| Total assets | <u>\$ 709,031</u> | <u>\$ --</u> |
| LIABILITIES AND FUND EQUITY | | |
| Liabilities: | | |
| Accounts payable | \$ 5,730 | \$ -- |
| Total liabilities | <u>\$ 5,730</u> | <u>\$ --</u> |
| Fund equity: | | |
| Investments in general fund assets | \$ -- | \$ -- |
| Fund balances: | | |
| Unreserved - undesignated | \$ 703,301 | \$ -- |
| Total fund balances | <u>\$ 703,301</u> | <u>\$ --</u> |
| Total liabilities and fund equity | <u>\$ 709,031</u> | <u>\$ --</u> |

SEE NOTES TO FINANCIAL STATEMENTS.

| Account groups | | Total (2000-2001) |
|----------------------------|------------------------------|----------------------|
| General Fund Revenue | General Long-Term Debt | |
| \$ - | \$ - | \$ 20,000 |
| - | - | 524,000 |
| - | - | 262,000 |
| - | - | 13,000 |
| - | - | 700 |
| <u>323,000</u> | <u>-</u> | <u>323,000</u> |
| <u>\$ 323,000</u> | <u>\$ -</u> | <u>\$ 323,000</u> |
| | | |
| \$ - | \$ - | \$ 3,728 |
| - | - | 3,728 |
| <u>323,000</u> | <u>-</u> | <u>323,000</u> |
| | | |
| - | - | 721,300 |
| <u>323,000</u> | <u>-</u> | <u>323,000</u> |
| | | |
| - | - | 721,300 |
| <u>323,000</u> | <u>-</u> | <u>323,000</u> |

GRAVITY SEWERAGE DISTRICT NO. 3 OF VERMILION PARISH

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Years Ended December 31, 1999 and 2000

| | 1999 | | Total (Memorandum Only) |
|---|-----------------|-------------------------|-------------------------------|
| | General Fund | DEBT Service Fund | |
| Revenues: | | | |
| Taxes: | | | |
| Ad valorem | \$104,430 | \$ - | \$104,430 |
| Intergovernmental: | | | |
| State revenue sharing | 20,444 | - | 20,444 |
| Interest earnings | 28,227 | 827 | 29,054 |
| Total revenues | \$153,099 | \$ 827 | \$153,926 |
| Expenditures: | | | |
| Current: | | | |
| Public works - drainage: | | | |
| Salaries and related benefits | \$ 93,138 | \$ - | \$ 93,138 |
| Compensation paid to Board of Commissioners | 6,000 | - | 6,000 |
| Office | 402 | - | 402 |
| Accounting services | 7,280 | - | 7,280 |
| Insurance | 44,483 | - | 44,483 |
| Materials and supplies | 24,074 | - | 24,074 |
| Repairs and maintenance | 19,583 | - | 19,583 |
| Drainage maintenance | 778 | - | 778 |
| Provisioned loans | - | - | - |
| Penalty | 5,252 | - | 5,252 |
| Other | 1,227 | - | 1,227 |
| Capital outlay | - | - | - |
| DEBT services: | | | |
| Principal retirement | - | - | - |
| Interest and bank charges | - | - | - |
| Total expenditures | \$174,733 | \$ - | \$174,733 |
| Excess of revenues over expenditures | \$ 20,542 | \$ 827 | \$ 21,369 |
| Fund balances, beginning | 684,315 | 26,444 | 710,759 |
| Residual equity transfers to bonded equity transfers out | 28,411 | - | 28,411 |
| | - | (28,411) | (28,411) |
| Fund balances, ending | \$732,768 | \$ - | \$732,768 |

SEE NOTES TO FINANCIAL STATEMENTS.

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| General Fund | Post Service Fund | Total (Memorandum Only) |
|------------------|-------------------------|----------------------------|
| \$100,000 | \$ - | \$ 100,000 |
| 20,719 | - | 20,719 |
| 14,158 | 1,188 | 15,346 |
| <u>208,915</u> | <u>1,188</u> | <u>210,103</u> |
| | | |
| \$ 84,984 | \$ - | \$ 84,984 |
| 5,880 | - | 5,880 |
| 1,093 | - | 1,093 |
| 9,900 | - | 9,900 |
| 51,981 | - | 51,981 |
| 28,173 | - | 28,173 |
| 28,284 | - | 28,284 |
| - | - | - |
| 1,114 | - | 1,114 |
| 4,928 | - | 4,928 |
| 179 | - | 179 |
| 147,812 | - | 147,812 |
| - | 1,800 | 1,800 |
| - | 80 | 80 |
| <u>2,284,000</u> | <u>1,1,000</u> | <u>2,285,000</u> |
| \$120,000 | \$ 24 | \$120,024 |
| - | - | - |
| - | - | - |
| <u>212,000</u> | <u>24</u> | <u>212,024</u> |
| <u>2,496,000</u> | <u>1,11,024</u> | <u>2,507,024</u> |

GRAVITY DRAINAGE DISTRICT No. 2 OF VERMILION PARISH
VERMILION PARISH POLICE JURY

NOTES TO FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies

The Gravity Drainage District No. 2 of Vermilion Parish was created under the authority of Louisiana Revised Statutes 35:1742-1805. 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 force of gravity. This may be accomplished by cutting and opening new drains, ditches, and canals. As provided by Louisiana Revised Statutes 35:1758, 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.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. All GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

GASB Codification Section 2100 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 appoints the governing board and can influence the scope of public service, 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 general purpose financial statements present information only on the funds maintained by the Drainage District and do not present information on the parish police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the governmental reporting entity.

Fund Accounting

The Drainage District is organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the general fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. The general fund is the general operating fund of the Drainage District and accounts for all of its activities, except those required to be accounted for in the debt service fund.

NOTES TO FINANCIAL STATEMENTS

The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

General Fixed Assets and Long-Term Debt:

Fixed assets are accounted for in the general fixed assets account group, rather than in the general fund. Public works or infrastructures are not capitalized. All fixed assets are valued at historical cost. No depreciation has been provided on fixed assets.

Long-term obligations are accounted for in the general long-term debt account group, not in the general fund. The loan account groups are not funds. They are recorded only with the measurement of financial position and do not receive measurement of results of operations.

Basis of Accounting:

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement format applied. The District's accounts are reported on the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

Revenues:

All valorem taxes and state revenue sharing are recorded in the year the taxes are assessed. All valorem taxes are assessed on a calendar year basis, because due on November 1st of each year and become delinquent by December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Interest income represents amounts earned on checking accounts and certificates of deposit located with financial institutions. Interest earned on checking accounts is recorded when received. Interest on certificates of deposit is recorded when the certificate matures and the interest is available.

Expenditures:

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except for principal and interest on general long-term debt, which is recognized when due.

Budget practices:

Wisconsin law exempts all special districts created before December 31, 1974, from the requirements of the Local Government Budget Act. The Gravity Drainage District No. 1 of Hamilton Parish was created August 4, 1945, and, accordingly, is exempt from budgetary requirements. Management has determined that, due to the amount and nature of the expenditures, the adoption of a budget is not required for essential purposes. The Drainage District did not adopt a budget for the two years ended December 31, 1996; therefore, the accompanying financial statements do not include a comparison of revenues and expenditures to budget.

NOTES TO FINANCIAL STATEMENTS

Cash and Investments:

UNDER STATE LAW, THE Parish District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or TIME DEPOSITS WITH STATE FUNDS organized under Louisiana law and national banks having their principal offices in Louisiana.

Vacation, sick leave, and pension plan:

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's service or less are allowed one week of vacation leave each year. Sick leave is granted on an individual basis as the need arises. The District has no pension plan. VACATION AND SICK LEAVE may not be accumulated and carried into future years. As December 31, 1994, there are no accumulated vacation benefits that require accrual or disclosure to conform with generally accepted accounting principles.

Total values on financial statements:

The total values on the financial statements is captioned "Memorandum only" to indicate it is presented only to facilitate financial analysis. The data in this column does not present financial position in conformity with generally accepted accounting principles. Similar in such data comparisons as a reconciliation, interfund eliminations have not been made in the aggregation of this data.

Note 1. Levied Taxes

The following is a summary of levied ad valorem taxes:

| | 1994 | 1993 |
|-----------------------------|-------------|-------------|
| General corporate purposes: | <u>6.25</u> | <u>6.00</u> |

Note 2. Changes in General Fixed Assets

The following is a summary of changes in general fixed assets for the two years ending December 31, 1994:

| | |
|-----------------------------|-----------------|
| Balance, December 31, 1994 | 2175,635 |
| Additions - 1994 and 1993 | 147,925 |
| Reductions - 1994 and 1993 | <u>(122)</u> |
| Balance, September 30, 1994 | <u>2300,538</u> |

NOTES TO FINANCIAL STATEMENTS

Note 4. Cash and Investments

At December 31, 1998, the District has cash and investments totaling \$80,242 as follows:

| | |
|----------------------------------|-----------------|
| Interest-bearing Demand Deposits | \$ 25,536 |
| Certificates of deposit | <u>54,706</u> |
| Total | <u>\$80,242</u> |

Cash and certificates of deposit are stated at cost, which approximation makes. Under state law, these deposits must be covered by Federal deposit insurance or the plates of insurance 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 pledged securities are held in the name of the pledging fiscal agent bank as a holding or custodial bank that is mutually acceptable to both parties. The District has deposit balances (collateral bank balances) of \$88,543 at December 31, 1998. These deposits are fully secured from risk by \$18,075 of Federal deposit insurance (SRES Category 1) and \$70,468 of securities held by the custodial bank in the name of the fiscal agent bank (SRES Category 1).

Even though the pledged securities are considered uncollateralized category 2 under provisions of state Statute 3, Louisiana Revised Statute 33:1179 imposes a statutory requirement on the custodial bank to advertise and sell pledged securities within 90 days of being notified by the District when the fiscal agent has failed to pay deposited funds upon demand.

Note 5. Changes in General Long-Term Obligations

The following is a summary of the long-term obligations transactions for the two years ended December 31, 1998:

| | |
|---|-----------------|
| Balance, December 31, 1996 | \$ 1,000 |
| Deductions - 1996 - principal payments on bonds | (1,000) |
| Deductions - 1996 - principal payments on bonds | <u> </u> |
| Balance, December 31, 1998 | <u>\$ 1,000</u> |

The general obligation bonds were issued for the purpose of constructing drainage work in and for the Drainage District and was funded by a property tax on all taxable property within the Drainage District.

Note 6. Commitments and Contingencies

The Drainage District has entered into several intergovernmental service agreements with the Vermilion Parish Police Jury whereby the Police Jury provides equipment and labor to perform various jobs, and the Drainage District promises to provide a similar value of service at a later date. At December 31, 1998, no amount can be reasonably estimated as to the possible liability of the District.

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SUPPLEMENTARY INFORMATION

GRAVITY SEWERAGE DISTRICT NO. 2 OF VERMILION PARISH
VERMILION PARISH POLICE JURY

SCHEDULE OF THE AMT PAID TO MEMBERS OF COMMISSIONERS
YEARS ENDED DECEMBER 31, 1994 AND 1993

| | 1994 | 1993 |
|-----------------|---------------|---------------|
| William Beale | \$ 3,380 | \$ 3,380 |
| Bob Hayward | 1,080 | 1,440 |
| LOUIS BUCHET | 780 | 1,440 |
| Steven McIlwain | 420 | - |
| Fawcley Choate | 1,080 | 1,440 |
| CAROL SIMON | 1,200 | 80 |
| | <u>11,940</u> | <u>10,180</u> |

The schedule of per diem paid to members of the Board of Commissioners is presented in compliance with House Concurrent Resolution No. 94 of the 1978 Session of the Louisiana Legislature.

In accordance with Louisiana Revised Statute 28:1784, each member of the Board of Commissioners is allowed to receive per diem of \$60 for each day of attendance at meetings of the Board, up to 800 including 20 days each year. Gerald LeBlond received a salary of \$14,000 for January 1 through December 31, 1993, in lieu of per diem for his official duties as acting president of the Board. This salary is included with salary and related benefits at page 3.



INDUSTRIAL, POLICE, LEWIS & BREWER

GENERAL PURPOSE AUDITORS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN ASSESS OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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The Honorable Willie BOOKE
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Certified Public Accountants
Members of Institute Certified
CPAs & Accountants

We have audited the financial statements of the Gravity Drainage District No. 2, a component unit of the Vermilion Parish Police Jury, as of and for the two years ended December 31, 1996, and have issued our report thereon dated June 19, 1997.

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 general purpose financial statements are free of material misstatement.

The Board of Commissioners of the Gravity Drainage District No. 2 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, selection and judgment by the Board are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Gravity Drainage District No. 2 for the two years ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of current policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

The Honorable Willie Roblin
and the Board of Commissioners
Caddo Parish District No. 2

We asked a certain number involving the internal control structure and its operation that we consider to be reporting conditions lower standards established by the American Institute of Certified Public Accountants. Reportable conditions involve coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that could 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 structure could not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matter involving the internal control structure and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the District for the two years ended December 31, 1996.

General Administration

Finding: In reviewing the internal control structure, we noted inadequate segregation of duties exists.

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions.

Suggestion and response: The Board has evaluated this inadequacy and concluded the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

This report is intended for the information of management and the Legislative Auditor. This revelation is not intended to limit the distribution of this report, which is a matter of public record.

Broussard, Poché, Lewis & Breaux

Mossburn, Louisiana
June 18, 1997

