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**GRAVITY DRAINAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana**

**Financial Statements
With Independent Auditor's Reports
As of December 31, 1999, and for the Year Then Ended
With Supplemental Information Schedule**

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 7-26-00

**GRAVITY DRAINAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana**

**Financial Statements
With Independent Auditor's Reports
As of December 31, 1999, and for the Year Then Ended
With Supplemental Information Schedule**

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HERBIE W. WAY
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

BOARD OF COMMISSIONERS
GRAVITY DRAINAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana

I have audited the accompanying financial statements of Gravity Drainage District No. 1 of Rapides Parish, a component unit of the Rapides Parish Police Jury, as of December 31, 1999, and for the year then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the district. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and generally accepted governmental auditing standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gravity Drainage District No. 1 of Rapides Parish as of December 31, 1999, and the results of operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated May 29, 2000, on my consideration of the internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants.

My audit was made for the purpose of forming an opinion on the financial statements. The accompanying supplemental schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of the district. Such information has been subjected to the procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
May 29, 2000

Statement A

GRAVITY DRAINAGE DISTRICT NO. 1 OF RAPIDES PARISH
 RAPIDES PARISH POLICE JURY
 Alexandria, Louisiana
 ALL FUND TYPES AND ACCOUNT GROUPS

Balance Sheet, December 31, 1999

	GOVERNMENTAL FUND TYPE - GENERAL FUND -----
ASSETS -----	
Cash and cash equivalents	\$642,927
Receivables:	
Ad valorem taxes	177,136
State revenue sharing	5,827

TOTAL ASSETS	\$825,890 =====
LIABILITIES AND FUND EQUITY -----	
Liabilities - accounts payable	\$5,447
Fund Equity - fund balances - Unreserved - undesignated	820,444

TOTAL LIABILITIES AND FUND EQUITY	\$825,890 =====

The accompanying notes are an integral part of this statement.

GRAVITY DRAINAGE DISTRICT NO. 1 OF RAPIDES PARISH
 RAPIDES PARISH POLICE JURY
 Alexandria, Louisiana
 GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance
 For the Year Ended December 31, 1999

REVENUES

Ad valorem taxes	\$187,269
Intergovernmental revenues - state revenue sharing	8,740
Interest earnings	39,248

Total revenues	235,256

EXPENDITURES

Current:	
Public works - drainage:	
Personal services:	
Contractual	2,400
Compensation paid board members	6,900
Operating services:	
Advertising	128
Repairs and maintenance	481,589
Insurance	3,078
Materials and supplies	130
Contribution to pension funds	5,447

Total expenditures	499,671

DEFICIENCY OF REVENUES OVER EXPENDITURES	(264,415)

FUND BALANCE AT BEGINNING OF YEAR	1,084,859

FUND BALANCE AT END OF YEAR	\$820,444
-----	-----

The accompanying notes are an integral part of this statement.

GRAVITY DRAINAGE DISTRICT NO. 1 OF RAPIDES PARISH
 RAPIDES PARISH POLICE JURY
 Alexandria, Louisiana
 GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget (Non-GAAP Basis) and Actual
 For the Year Ended December 31, 1999

	ACTUAL	ADJUSTMENTS	ACTUAL ON BUDGET BASIS	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES					
Ad valorem taxes	\$187,269	(\$16,504)	\$170,766	\$145,000	\$25,766
Intergovernmental revenues - state funds - state revenue sharing	8,740	146	8,886		8,886
Interest earnings	39,248		39,248	20,000	19,248
Total revenues	235,256	(16,358)	218,899	165,000	53,899
EXPENDITURES					
Current:					
Public works - drainage:					
Personal services:					
Contractual	2,400		2,400	2,400	
Compensation paid board members	6,900		6,900	7,200	300
Operating services:					
Recording fees	51		51	100	49
Advertising	77		77	300	223
Dues and subscriptions				200	200
Payments to contractors and engineers	481,589		481,589	615,000	133,411
Insurance	3,078		3,078	2,800	(278)
Materials and supplies	130		130	250	120
Travel and other charges:					
Travel				1,000	1,000
Contribution to pension funds	5,447	(278)	5,169	3,800	(1,369)
Contingencies				85,000	85,000
Total expenditures	499,671	(278)	499,394	718,050	218,656
EXCESS (Deficiency) OF REVENUES OVER					
EXPENDITURES	(264,415)	(16,080)	(280,495)	(553,050)	272,555
FUND BALANCE AT BEGINNING OF YEAR	1,084,859	16,080	1,100,939	923,422	177,516
FUND BALANCE AT END OF YEAR	\$820,444	NONE	\$820,444	\$370,372	\$450,071

The accompanying notes are an integral part of this statement.

GRAVITY DRAINAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana

Notes to the Financial Statements
As of December 31, 1999, and for the Year Then Ended

INTRODUCTION

Gravity Drainage District No. 1 of Rapides Parish was created under the authority of Louisiana Revised Statutes 38:1751-1802 and was established 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. The district uses contract labor to maintain the drainage system.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Rapides Parish Police Jury is the financial reporting entity for Rapides Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Rapides Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

GRAVITY DRAINAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana
Notes to the Financial Statements (Continued)

2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on criteria 1 through 3, the district was determined to be a component unit of the Rapides Parish Police Jury, the financial reporting entity. 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 service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

C. 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 governmental 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.*

Funds of the district are classified as governmental. 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. Governmental funds of the district include the **General Fund**, which is the general operating fund of the district and accounts for all financial resources.

D. BASIS OF ACCOUNTING

The 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 generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

GRAVITY DRAINAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana
Notes to the Financial Statements (Continued)

The modified accrual basis of accounting is used for reporting the governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The district uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1995 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Based on the above criteria, ad valorem tax and the related state revenue sharing are treated as susceptible to accrual.

Expenditures

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

E. BUDGET PRACTICES

The proposed budget of the General Fund, prepared on the cash basis, is adopted by the board of commissioners in a public meeting in December of the previous year. All appropriations lapse at year end. Although a system of encumbrance accounting is not used by the district, formal budget integration (within the accounting records) is employed as a management control device.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposit accounts. Cash equivalents include amounts in time deposits. Under state law, the district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with fiscal agent banks organized under the laws of the State of Louisiana and national banks having their principal offices in Louisiana.

GRAVITY DRAINAGE DISTINCT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana
Notes to the Financial Statements (Continued)

2. CASH AND EQUIVALENTS

At December 31, 1999, the district has cash and cash equivalents (book balances) as follows:

Interest bearing demand deposits	\$367,928
Time deposits	<u>275,000</u>
Total	<u><u>\$642,928</u></u>

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. Cash and cash equivalents (bank balances) totaling \$642,988 at December 31, 1999, are secured by approximately \$300,000 of federal deposit insurance (GASB Category 1) and \$342,988 of pledged securities held by a custodial bank in the name of the fiscal agent bank (GASB Category 3).

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the district they are considered uncollateralized under the provisions of GASB Codification 150.163(b); however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent bank has failed to pay deposited funds upon demand.

3. RISK MANAGEMENT

The District is exposed to various risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

The District has obtained commercial insurance for the aforementioned risks and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**GRAVITY DRAINAGE DISTRICT NO. 1 OF RAPIDES PARISH
RAPIDES PARISH POLICE JURY
Alexandria, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
For the Years Ended December 31, 1999**

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 38:1794, each board member receives per diem of up to \$65 for each day in the conduct of official business of the district, not to exceed 36 days each year. The board has elected to compensate board members \$60 for each day in the conduct of official business of the district, not to exceed 24 days each year.

	Number	Amount
John Bradas	23	\$1,380
Marion Chaney	22	1,320
Maxie Figgins	24	1,440
Max Johnson	23	1,380
Wilburn Smith	23	1,380

Totals		\$6,900 -----

**Independent Auditor's Reports Required
by Government Auditing Standards**

The following independent auditor's reports on internal control and compliance are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.