

**Gravity Drainage District One  
of Livingston Parish, Louisiana**

**Annual Financial Statements**  
As of and for the Year Ended December 31, 2003,

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 8/4/04

**LEROY J. CHUSTZ**  
Certified Public Accountant  
A Professional Accounting Corporation

**Livingston Parish Gravity Drainage District One**

**Annual Financial Statements  
As of and for the Year Ended December 31, 2003  
With Supplemental Information Schedules**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

**Board Members of  
Livingston Parish Gravity Drainage District One  
Denham Springs, Louisiana**

I have audited the accompanying basic financial statements of the **Livingston Parish Gravity Drainage District One**, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2003, as listed in the Table of Contents. These basic financial statements are the responsibility of **Livingston Parish Gravity Drainage District One's** management. My responsibility is to express an opinion on these basic 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, and the *Louisiana Governmental Audit Guide*. Those standards and the guide require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position and the results of operations for the year ended of the **Livingston Parish Gravity Drainage District One**, as of December 31, 2003, 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 April 2, 2004, on my consideration of the **Livingston Parish Gravity Drainage District One's** internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, and contracts. 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.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the **Livingston Parish Gravity Drainage District One's** basic financial statements. The accompanying required supplementary information, Parts I and II, as listed in the Table of Contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements of **Livingston Parish Gravity Drainage District One**, but are required by the Governmental Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, I did not audit the information and I express no opinion on it.

My audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplemental information listed in the Table of Contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements of **Livingston Parish Gravity Drainage District One**. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Leroy J. Chustz*  
Certified Public Accountant  
April 2, 2004

**Required Supplemental Information (Part 1)**  
**Management's Discussion and Analysis**

**Livingston Parish Gravity Drainage District One  
Denham Springs, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS 12-31-2003**

This section of the Livingston Parish Gravity Drainage District One's annual financial report presents our discussion and analysis of the District's financial performance during this fiscal year. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information stated on attached financial summaries.

**OVERVIEW OF FINANCIAL STATEMENTS:**

The following narrative illustrates the minimum requirements as established by Governmental Accounting Standards Board Statement 34 as it pertains to the Livingston Parish Gravity Drainage District One.

1. **\*\*MANAGEMENT DISCUSSION and ANALYSIS\*\***
  2. **\*\*BASIC FINANCIAL STATEMENTS\*\***
  3. **\*\*REQUIRED SUPPLEMENTARY INFORMATION\*\***
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**BASIC FINANCIAL STATEMENTS:**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the operations of Gravity Drainage District One of Livingston Parish as a whole and present a longer-term view of the current District finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The Statement of Net Assets and the Statement of Activities report the District's net assets and changes in them. The net difference between the assets and liabilities measures the health of the District's finances. Increases or decreases are noted as a measurement for your evaluation of the financial position of the District.

**Livingston Parish Gravity Drainage District One**  
**Denham Springs, Louisiana**

Overview continued

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All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. The Gravity Drainage District has a calendar year end and this report reflects the period ending 12-31-2003. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the District's general government operations and the basic services provided by the Drainage District. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's operations as well as what remains for the future expense needs.

**FINANCIAL HIGHLIGHTS:**

- 1- District had cash and investments of \$1,162,544 on 12-31-2003 representing a decrease of \$16,096 from prior year end cash balances.
- 2- District had taxes receivable of \$377,751 on 12-31-2003 representing an increase of \$60,665 from prior year end taxes receivable.
- 3- District had land, buildings, and equipment assets net of accumulated depreciation of \$412,409 on 12-31-2003 representing an increase of \$16,744 from prior year end assets net of accumulated depreciation. Depreciation expense totaled \$78,098 as per GASB Statement 34 Guidelines on Capital Assets and Depreciation.
- 4- District had capital purchases and asset improvements placed in service of \$94,843 during period ended 12-31-2003
- 5- District had Ad Valorem revenue, State Revenue Sharing, and local sales tax revenue of \$ 791,812 along with \$18,856 of non operating income on 12-31-2003 Revenues (excluding non operating income) increased \$24,873 over the prior year.
- 6-District had net income from all operations of \$26,168 on 12-31-2003
- 7-District had operational expenses of \$663,157 along with depreciation of \$78,098 and settlement expense of \$26,500 for period ended 12-31-2003. Operational expenses increased \$176,169 resulting from addition of staff and equipment operations expenses.



**Livingston Parish Gravity Drainage District One  
Denham Springs, Louisiana**

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Financial Analysis of the Entity:

**STATEMENT OF NET ASSETS:**

	2003	2002
Current and other assets	\$ 1,162,544	\$ 1,178,640
Receivables	377,751	317,086
Capital Assets (Net)	412,409	395,665
Deposits	2,241	2,241
Total Assets	\$ 1,954,945	\$ 1,893,632
Current liabilities	\$ 26,301	\$ 12,689
Other liabilities	54,966	50,180
Total Liabilities	\$ 81,267	\$ 62,869
Net Assets:		
Reserved Retained Earnings	412,409	395,665
Unreserved Earnings	1,461,269	1,435,132
Total Net Assets	1,873,678	1,830,763

Net assets of the District increased by \$42,915 from the previous year resulting from operating and non-operating revenues exceeding expenses for 12-31-2003.

**General Revenue Information:**

The District receives ad-valorem taxes from a 5 mill property tax on assessed property within the District resulting from a 2002 tax election millage statute which was passed by the voters of the District. The ad-valorem tax election covers a period of 10 years before expiration. The District receives one-half cent sales tax revenues on all areas within the District (excluding the City limits of Denham Springs) resulting from a 30 year sales tax election passed by the voters of the District in 1976. The District receives State Revenue Sharing funds as a result of State provisions connected to the local sales tax election passage.

**Livingston Parish Gravity Drainage District One**  
**Denham Springs, Louisiana**  
Statement of Activities

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	2003	2002
Tax Revenues for Operations	\$ 791,812	\$ 766,939
Non operating revenues	18,856	29,473
	-----	-----
Subtotal Revenues	810,668	796,412
District Expenses direct	( 741,255)	( 554,066)
Special Settlement expense	(26,500)	0
Beginning Net Assets	1,830,765	1,588,419
Changes in net Assets	42,913	242,346
Ending Net Assets	<u>\$ 1,873,678</u>	<u>\$ 1,830,765</u>

District total revenues increased by \$24,873 and non operating revenues decreased by \$10,617 respectively from the previous year. The total cost of operations increased by \$187,189 from the previous year due to the following:

- (A) increased staff members and payroll adjustments
- (B) increased general expenses of insurance and direct equipment operation expenses

Summary: The District is committed to previous years' goals of accomplishing proper maintenance to the existing infrastructure canal and ditch systems for drainage. Various improvement projects at certain sites were undertaken as well as the continued ongoing clearing, cleaning, spraying, and general improvement to drainage areas. The extreme growth in the number of homeowners in the District and the new challenges and demands for better drainage of water flow throughout the District is currently challenging the District to improve areas relating to drainage. Lower areas are being developed and the general population is occupying these areas in large numbers. As the growth is forecasted to continue within the District, continued diligence and the expenditure of resources will be a priority to secure proper drainage for all. Increased staff and equipment will be encountered in the years ahead to achieve the goal of proper drainage.



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**Livingston Parish Gravity Drainage District One  
Denham Springs, Louisiana**

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**CONTACTING Livingston Parish Gravity Drainage District's Management:**

The financial report is designed to provide our citizens and creditors with a general overview of the District's finances and reveal the Livingston Parish Gravity Drainage District's accountability for the money received through its operations. If there are any questions about this report or need of additional financial information, contact Administrative Secretary, Randall Smith , Post Office Box 1265 Denham Springs, La 70727.

**Basic Financial Statements**  
**Government-Wide Financial Statements**

**Livingston Gravity Drainage District One**

**Statement A**

**Statement of Net Assets  
December 31, 2003**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash & Cash Equivalents	\$ 744,313
Certificates of Deposit whose original maturity is greater than three months	215,820
Investments, At Fair Value	202,411
Taxes Receivable	377,751
Capital Assets	1,031,320
Less: Accumulated Depreciation	- 618,911
Workers Compensation Deposit	2,241
Total Assets	<u>2,571,615</u>
<b>Liabilities</b>	
Accounts Payable	13,221
Assessor's Pension Payable	13,080
Deferred State Revenue Sharing	32,823
Deferred Ad Valorem Tax Revenues	22,143
Total Liabilities	<u>81,267</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net	412,409
Unrestricted	1,461,269
Total Net Assets	<u>\$ 1,873,678</u>

See accompanying notes to the financial statements.

**Livingston Gravity Drainage District One**

**Statement B**

**Statement of Activities  
For the Year Ended December 31, 2003**

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net Revenue (Expense) and Changes in Net Assets Governmental Activities</u>
<b>Governmental Activities</b>			
Personal Services and Related Benefits	\$ 328,878	\$ -	\$ 328,878
Operating Services	271,000	-	271,000
Depreciation Expense	78,098	-	78,098
Professional Services	48,386	-	48,386
Other Charges	<u>14,893</u>	<u>-</u>	<u>14,893</u>
Total Governmental Activities	\$ <u>741,255</u>	\$ <u>-</u>	<u>741,255</u>
<b>General Revenues</b>			
Ad Valorem			321,547
Revenue Sharing			31,248
Sales Tax			439,017
Interest Earned			<u>18,856</u>
Total General Revenues			<u>810,668</u>
Increase (Decrease) in Net Assets before Special Item			69,414
<b>Special Item</b>			
Drainage Settlement			<u>26,500</u>
Change in Net Assets			42,914
Net Assets, Beginning of Year			<u>1,830,765</u>
Net Assets, End of Year			\$ <u><u>1,873,678</u></u>

See accompanying notes to the financial statements.

**Basic Financial Statements**  
**Fund Financial Statements**  
**Governmental Fund Financial Statements**

Livingston Gravity Drainage District One

Statement C

Balance Sheet  
Governmental Funds  
December 31, 2003

	<u>General Fund</u>
<b>Assets</b>	
Cash & Cash Equivalents	\$ 744,313
Certificate of Deposit whose original maturities are greater than three months	215,820
Investments, At Fair Value	202,411
Taxes Recievable (Net)	377,751
Deposits	2,241
Total Assets	<u>\$ 1,542,536</u>
<b>Liabilities &amp; Fund Balance</b>	
<b>Liabilities:</b>	
Accounts Payable	\$ 13,221
Assessor's Pension Payable	13,080
Deferred State Revenue Sharing	32,823
Deferred Ad Valorem Tax Revenues	22,143
Total Liabilities	<u>81,267</u>
<b>Fund Balance:</b>	
Unreserved	<u>1,461,269</u>
Total Liabilities & Fund Balance	<u>\$ 1,542,536</u>

See accompanying notes to the financial statements.



**Livingston Gravity Drainage District One**

**Statement D**

**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
December 31, 2003**

<b>Total Fund Balances, Governmental Funds</b>	<b>\$ 1,461,269</b>
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Governmental capital assets, net of depreciation	412,409
 <b>Net Assets, Governmental Activities</b>	 <b><u>\$ 1,873,678</u></b>

See accompanying notes to the financial statements.

**Livingston Gravity Drainage District One**

**Statement E**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2003**

	General Fund
<b>Revenues</b>	
Ad Valorem	\$ 321,547
Revenue Sharing - State of Louisiana	31,248
Sales Tax - Livingston Parish	439,017
Interest	18,856
Total Revenues	<u>810,668</u>
<b>Expenditures</b>	
<i>Current Expenditures:</i>	
Salaries and Wages	328,878
Operating Services	230,500
Professional Services	48,386
Mitigation	40,500
Other Charges	14,893
<i>Capital Outlay:</i>	
Capital Outlay	94,842
Total Expenditures	<u>757,999</u>
<b>Excess Revenues (Expenditures) before Special Item</b>	<u>52,669</u>
<b>Special Item</b>	
Drainage Settlement	<u>26,500</u>
<b>Excess Revenues (Expenditures) after Special Item</b>	<u>26,169</u>
<b>Fund Balance, Beginning of Year</b>	<u>1,435,100</u>
<b>Fund Balance, End of Year</b>	\$ <u>1,461,269</u>

See accompanying notes to the financial statements.

**Livingston Gravity Drainage District One**

**Reconciliation of the Change in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended December 31, 2003**

**Statement F**

**Total Net Change in Fund Balances, Governmental Funds** \$ 26,169

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. These differences consist of:

Capital outlay 94,842

Depreciation expense -78,098

**Change in Net Assets, Governmental Activities** \$ 42,914

See accompanying notes to the financial statements.

**Basic Financial Statements**  
**Notes to the Financial Statements**

**LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT ONE**  
**Denham Springs, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2003**

**INTRODUCTION**

Livingston Parish Gravity Drainage District One, Denham Springs, Louisiana, was created on November 22, 1969, by the Livingston Parish Police Jury (now the Livingston Parish Council), pursuant to the provisions of R.S. 38:1751, et. seq., of the Louisiana Revised Statutes of 1950.

The District is located in Denham Springs, Louisiana. The purpose of the district is to provide maintenance services to drainage structures within the boundaries of the district. The District is composed of five board members who are appointed by the Parish Council of Livingston. Board members are compensated for meeting attendance at the rate of \$100.00 per meeting. The District serves portions of Denham Springs and surrounding areas.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Livingston Parish Gravity Drainage District One is considered a component unit of Livingston Parish Government. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements report information on all of the nonfiduciary activities of the Livingston Parish Gravity Drainage District One. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Livingston Parish Gravity Drainage District One operates with only one governmental fund, the General Fund.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and

# LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT ONE

## Notes to the Financial Statements, Continued

December 31, 2003

expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Livingston Parish Gravity Drainage District One's major sources of revenues are Ad Valorem (property tax) and Sales Tax on eligible sales within its district boundaries. The District's major source of expenditures is the cost of operation and maintenance of equipment and personnel used to maintain the drainage waterways in District One of Livingston Parish.

### C. Deposits and Investments

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Livingston Parish Gravity Drainage District Number One's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

### D. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible. The District periodically evaluates the collectability of delinquent accounts. The District's experience has been that write offs have been very low due to the nature of there revenue sources.

### E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements. The amount of inventory on hand at the District is minimal.

### G. Capital Assets

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	<u>Estimated Lives</u>
Infrastructure assets	25
Buildings and building improvements	40
Furniture and fixtures	5
Vehicles	5
Equipment	5-7

### H. Compensated Absences

The Livingston Parish Gravity Drainage District One provides various forms of compensated leave benefits to



**LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT ONE**  
**Notes to the Financial Statements, Continued**  
**December 31, 2003**

its employees. An employee can earn sick leave and vacation leave based upon the number of hours worked each pay period and years of continuous employment. The employees of the Livingston Gravity Drainage District One must use all of the compensated leave by year end. At this time, the District has no provision for leave carryover, and if leave is not used at year end, it is lost. A leave accrual is not required in the District's financial statements because there is not a provision for carryover.

**J. Fund Equity**

In the government wide financial statements, equity is reported as net assets and is segregated into three components. Those components are: amounts invested in capital assets (net of related debt), amounts restricted, and unrestricted net assets.

**K. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Livingston Parish Gravity Drainage District One, which are either unusual in nature or infrequent in occurrence.

**L. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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 revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	BALANCE 01/01/03	ADDITIONS	DELETIONS	BALANCE 12/31/03
Land	\$ 60,000	\$ 4,055	-	\$ 64,055
Building	86,639	-	-	86,639
Infrastructure	-	72,338	-	72,338
Machinery/Equipment	588,520	4,950	-	593,470
Vehicles	195,168	13,500	-	208,668
Furniture and Fixtures	6,150	-	-	6,150
Total	<u>\$ 936,477</u>	<u>\$ 94,843</u>	<u>-</u>	<u>1,031,320</u>
Less: Accumulated Depreciation				(618,911)
Property, Plant & Equipment (Net)				<u>\$ 412,409</u>
Depreciation Expense				<u>\$ 78,098</u>

**LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT ONE**  
**Notes to the Financial Statements, Continued**  
**December 31, 2003**

**3. CASH AND INVESTMENTS**

Under State Law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are to be held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved. The following is a summary of cash and investments at December 31, 2003, with the related federal deposit insurance and pledged securities, if any:

Category 1 – Insured by FDIC or collateralized with securities held by the Board or by its agent in its name

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Board's name

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Board's name; or collateralized with no written or approved collateral agreement

Type of Deposits	Total Bank Balance	Custody Credit Risk Category			Total Carrying Value
		1	2	3	
Cash and Cash Equivalents	\$ 754,517.09	\$ 100,000.00	\$ 144,746.08		\$ 744,313.23
Certificates of Deposit (With original maturities in excess of three months)	215,819.91	200,000.00	525,590.92		215,819.91
<b>Total Deposits</b>	<b>\$ 970,337.00</b>	<b>\$ 300,000.00</b>	<b>\$ 670,337.00</b>		<b>\$ 960,133.14</b>

**4. RECEIVABLES**

A summary of receivables as of December 31, 2003, follows:

CLASS OF RECEIVABLE	GENERAL
Revenue Sharing - State of Louisiana	\$ 32,823.00
Ad Valorem	325,101.55
Sales Tax	34,910.99
Allowance for Uncollectible	(15,084.71)
<b>Total Receivable</b>	<b>\$ 377,750.83</b>

**LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT ONE**  
**Notes to the Financial Statements, Continued**  
**December 31, 2003**

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected, they are recorded as miscellaneous income.

The direct charge-off method is not a material departure from GAAP as it approximates the valuation method.

**5. PENSION PLAN AND RETIREMENT COMMITMENTS**

The District's employees participate in the Federal Social Security program; thus, the District is required to remit an amount equal to the employee's contribution. For 2003, the current rate of contribution was 7.65% of gross pay. The District does not guarantee any of the benefits granted by the Federal Social Security program. None of the District's employees exceeded the Medicare ceiling this year.

On January 1, 1996, the District adopted the Putnam Prototype Simplified Employee Pension Plan(SEP) for its employees. Under this defined contribution plan, the District's Board of Commissioners establishes individual retirement accounts with Putman 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 investments options. The District does not guarantee the results of these investments. The District's Board of Commissioners voted to contribute 9.0% of eligible wages for 2003.

**6. LITIGATION**

According to the District's attorney, there is no pending litigation against the Livingston Parish Gravity Drainage District One as of December 31, 2003.

**7. RESTATEMENTS**

In 2003, the District implemented new reporting model standards GASB #34. As a result, beginning balances in the governmental fund financial statements are restated to include net capital assets. Restatement amounts are as follows:

Fund Balance as of January 1, 2003	\$ 1,435,100
Capital Assets (Net) as of January 1, 2003	<u>395,665</u>
Net Assets as Restated at January 1, 2003	<u>\$ 1,830,765</u>

**8. COMPENSATION TO BOARD MEMBERS**

Each member of the Board of Commissioners receives a per diem allowance for attending regular or special meetings of the Board, not to exceed 36 meetings in one calender year. Each board member was paid \$100 per meeting attended in 2003.

**LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT ONE**  
**Notes to the Financial Statements, Continued**  
**December 31, 2003**

Per diem paid to board members is as follows:

	<u>MEETINGS ATTENDED</u>	<u>AMOUNT</u>
Norman Fogg	27	\$ 2,700
Raymond Fugler	2	200
David Gross	27	2,700
Ricky Miller	31	3,100
George Provost	28	2,800
Jessie Wheat	30	<u>3,000</u>
Total		<u>\$ 14,500</u>

**9. RISK MANAGEMENT**

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; employee health and life; and natural disasters. The Board manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk Retained</u>
Torts, errors and omissions	Purchases commercial insurance	None
Injuries to employees (Workers' compensation)	Purchases commercial insurance	None
Physical property loss and natural disasters	Purchases commercial insurance	None
Health and life	Purchases commercial insurance	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Board. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years, except for the special item below.

**10. SPECIAL ITEM**

According to Generally Accepted Accounting Principals (GAAP), a special item is a financial event that is either unusual in nature or infrequent in occurrence and is within the control of management. In 2003, the District settled in an out of court agreement with a resident of Livingston Parish District One. The resident claimed damages for a canal being dug on her property without permission and the District settled the case for \$26,500. This type of legal settlement is not representative of the District's normal, everyday operating activities and should not be treated as such. Consequently, this expenditure was not capitalized as it was not attributable to any specific asset or project

**LIVINGSTON PARISH GRAVITY DRAINAGE DISTRICT ONE**  
**Notes to the Financial Statements, Continued**  
**December 31, 2003**

and was charged as an expense in the Statement of Revenues, Expenditures and Changes in Fund Balance and in the Statements of Activities in 2003.

## **Required Supplemental Information (Part II)**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Major Governmental Funds**



**Livingston Gravity Drainage District One**

**Schedule 1**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund  
For the Year Ended December 31, 2003**

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Ad Valorem	\$ 287,000	\$ 287,000	\$ 321,547	\$ 34,547
Revenue Sharing - State of Louisiana	32,000	32,000	31,248	-752
Sales Tax - Livingston Parish	490,000	425,000	439,017	14,017
Interest Earned	30,000	20,000	18,856	-1,144
<b>Total Revenues</b>	<u>839,000</u>	<u>764,000</u>	<u>810,668</u>	<u>46,668</u>
<b>Expenditures</b>				
<i>Current Expenditures:</i>				
Salaries and Wages	286,000	328,000	328,878	878
Operating Services	186,500	231,000	230,500	-500
Professional Services	45,000	49,000	48,386	-614
Mitigation		40,500	40,500	-
Other Charges	63,000	14,000	14,893	893
<i>Capital Outlay:</i>				
Capital Outlay	258,500	95,500	94,842	-658
<b>Total Expenditures</b>	<u>839,000</u>	<u>758,000</u>	<u>757,999</u>	<u>-1</u>
<b>Excess Revenues (Expenditures) before Special Item</b>	<u>-</u>	<u>6,000</u>	<u>52,669</u>	<u>46,667</u>
<b>Special Item</b>				
Drainage Settlement	<u>-</u>	<u>26,500</u>	<u>26,500</u>	<u>-</u>
<b>Excess Revenues and Other Sources (Expenditures and Other Uses)</b>	<u>-</u>	<u>-20,500</u>	<u>26,169</u>	<u>46,667</u>
<b>Fund Balance, Beginning of Year</b>	<u>1,435,101</u>	<u>1,435,101</u>	<u>1,435,100</u>	<u>-1</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,435,101</u>	<u>\$ 1,414,601</u>	<u>\$ 1,461,269</u>	<u>\$ 46,666</u>

## **Other Supplemental Information**

**Livingston Gravity Drainage District One**

**Current Year Findings, Recommendations, and Corrective Action Plan  
For the Year Ended December 31, 2003**

**Section I - Internal Control and Compliance Material to the Financial Statements**

No Section I findings.

**Section II - Internal Control and Compliance Material to Federal Awards**

Section II not Applicable.

**Section III - Management Letter**

No Section III findings.

**Livingston Gravity Drainage One**  
**Status of Prior Year Audit Findings**  
**For the Year Ended December 31, 2003**

**Section I - Internal Control and Compliance Material to the Financial Statements**

No Section I findings.

**Section II - Internal Control and Compliance Material to Federal Awards**

Section II not applicable.

**Section III Management Letter**

No Section III findings.

## **Other Reports**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Board Members of  
Livingston Gravity Drainage District One  
Denham Springs, Louisiana**

I have audited the basic financial statements of the **Livingston Gravity Drainage District One**, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2003, and have issued my report thereon dated April 2, 2004. 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, and the *Louisiana Governmental Audit Guide*.

***Compliance***

As part of obtaining reasonable assurance about whether the **Livingston Gravity Drainage District One's** basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards* and the *Louisiana Governmental Audit Guide*.

***Internal Control Over Financial Reporting***

In planning and performing my audit, I considered the **Livingston Gravity Drainage District One's** internal control over financial reporting to determine our auditing procedures for the purpose of expressing my opinion on the basic 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 amounts that would be material in relation to the basic 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 for the information and use of the **Livingston Gravity Drainage District One** and its management, the Louisiana Legislative Auditor, and the State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Leroy J. Chustz***  
Certified Public Accountant, APAC  
April 2, 2004