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GRAVITY DRAINAGE DISTRICT NO. ONE  
OF WARD THREE OF ST. LANDRY PARISH  
ARNAUDVILLE, LOUISIANA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

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 6-21-06

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**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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1904-1984  
John Newton Stout, CPA  
1936-2005

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Harold Dupre, CPA  
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2005

ACCOUNTANT'S COMPILATION REPORT

The Board of Commissioners  
Gravity Drainage District No. One of  
Ward Three of St. Landry Parish  
Arnaudville, Louisiana

We have compiled the accompanying financial statements of Gravity Drainage District No. One of Ward Three of St. Landry Parish, a component unit of the St. Landry Parish Government, as of December 31, 2005, and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As explained in Note 1 to the financial statements, management has elected not to implement the new financial reporting requirements of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

*John S. Dowling & Company*

Opelousas, Louisiana  
May 18, 2006

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH  
 ARNAUDVILLE, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 DECEMBER 31, 2005

ASSETS	GOVERNMENTAL		ACCOUNT GROUPS		TOTALS (Memorandum Only)	
	FUND TYPES		GENERAL			
	GENERAL	SPECIAL	FIXED ASSETS	LONG-TERM DEBT		
	REVENUE	DEBT SERVICE			2005	2004
Cash	\$161,998				\$161,998	\$144,752
Checks on hand	11,201				11,201	4,164
Property taxes receivable, net	156,771				156,771	155,549
State revenue sharing receivable	8,483		\$317,478		8,483	8,329
Equipment				\$62,696	317,478	317,478
Amount to be provided					<u>62,696</u>	<u>91,443</u>
Total assets	<u>338,453</u>	<u>-0-</u>	<u>317,478</u>	<u>62,696</u>	<u>718,627</u>	<u>721,715</u>
<u>LIABILITIES AND FUND EQUITY</u>						
<u>LIABILITIES</u>						
Accounts payable	\$287				\$287	\$1,623
Salaries payable	1,121				1,121	2,222
Note payable				\$62,696	62,696	91,443
Total liabilities	<u>1,408</u>	<u>-0-</u>	<u>-0-</u>	<u>62,696</u>	<u>64,104</u>	<u>95,288</u>
<u>FUND EQUITY</u>						
Investment in general fixed assets			\$317,478		317,478	317,478
Fund balance						
Reserved for protest taxes	12,000				12,000	12,000
Unreserved and undesignated	325,045				325,045	296,949
Total fund equity	<u>337,045</u>	<u>-0-</u>	<u>317,478</u>	<u>-0-</u>	<u>654,523</u>	<u>626,427</u>
Total liabilities and fund equity	<u>338,453</u>	<u>-0-</u>	<u>317,478</u>	<u>62,696</u>	<u>718,627</u>	<u>721,715</u>

See accompanying notes and accountant's report.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH  
ARNAUDVILLE, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2005

	GOVERNMENTAL			TOTALS	
	FUND TYPES			(Memorandum Only)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	2005	2004
<u>REVENUES</u>					
Taxes					
Property taxes	\$153,966			\$153,966	\$144,472
Intergovernmental revenues					
State revenue sharing	12,717			12,717	12,134
Grant revenue					5,660
<u>Total revenues</u>	<u>166,683</u>	<u>-0-</u>	<u>-0-</u>	<u>166,683</u>	<u>162,266</u>
<u>EXPENDITURES</u>					
Current					
General and administrative					
Engineering assistance	500			500	500
Fuel and oil	25,159			25,159	12,717
Insurance	15,255			15,255	13,260
Labor	37,679			37,679	26,338
Legal publications					155
Miscellaneous expense	8			8	
Office expense	1,399			1,399	1,271
Per diem and mileage	6,110			6,110	5,609
Professional fees	1,550			1,550	1,500
Rent	300			300	275
Repairs and maintenance	7,548			7,548	7,018
Recording right of ways					210
Salary -					
Secretary/treasurer	4,500			4,500	4,550
Taxes - payroll	4,242			4,242	3,295
Telephone	180			180	180
Capital outlay					
Debt service					
Principal	28,746			28,746	27,140
Interest	5,411			5,411	7,016
<u>Total expenditures</u>	<u>138,587</u>	<u>-0-</u>	<u>-0-</u>	<u>138,587</u>	<u>111,034</u>
<u>EXCESS OF REVENUES OVER</u>					
<u>EXPENDITURES</u>	<u>28,096</u>	<u>-0-</u>	<u>-0-</u>	<u>28,096</u>	<u>51,232</u>

Continued on next page.

See accompanying notes and accountant's report.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH  
ARNAUDVILLE, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL FUND TYPES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2005

	GOVERNMENTAL			TOTALS	
	FUND TYPES			(Memorandum Only)	
	<u>GENERAL</u>	<u>SPECIAL</u> <u>REVENUE</u>	<u>DEBT</u> <u>SERVICE</u>	<u>2005</u>	<u>2004</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in					\$1,546
Operating transfers out					(1,546)
<u>Total other financing</u>					
<u>sources (uses)</u>	-0-	-0-	-0-	-0-	-0-
 <u>EXCESS OF REVENUES AND OTHER</u>					
<u>SOURCES OVER (UNDER)</u>					
<u>EXPENDITURES AND OTHER USES</u>	\$28,096			\$28,096	51,232
 <u>FUND BALANCES, beginning of year</u>	<u>308,949</u>			<u>308,949</u>	<u>257,717</u>
 <u>FUND BALANCES, end of year</u>	<u>337,045</u>	<u>-0-</u>	<u>-0-</u>	<u>337,045</u>	<u>308,949</u>

See accompanying notes and accountant's report.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH  
ARNAUDVILLE, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET (CASH BASIS) AND ACTUAL  
GENERAL AND SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>GENERAL FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Taxes			
Property taxes	\$146,000	\$152,743	\$6,743
Intergovernmental revenues			
State revenue sharing	<u>12,486</u>	<u>12,564</u>	<u>78</u>
<u>Total revenues</u>	<u>158,486</u>	<u>165,307</u>	<u>6,821</u>
<u>EXPENDITURES</u>			
Current			
General and administrative			
Engineering assistance	500	500	
Fuel and oil	25,000	26,495	(1,495)
Insurance	14,381	15,255	(874)
Labor	43,000	38,805	4,195
Legal publications	100		100
Miscellaneous expense		8	(8)
Office expense	1,325	1,399	(74)
Per diem and mileage	6,110	6,110	
Professional fees	1,550	1,550	
Rent	300	300	
Repairs and maintenance	7,000	7,548	(548)
Salary - secretary/treasurer	4,475	4,475	
Taxes - payroll	4,400	4,242	158
Telephone	180	180	
Debt Service			
Principal	28,746	28,746	
Interest	<u>5,411</u>	<u>5,411</u>	
<u>Total expenditures</u>	<u>142,478</u>	<u>141,024</u>	<u>1,454</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>16,008</u>	24,283	<u>8,275</u>
<u>FUND BALANCES, beginning of year</u>		<u>148,916</u>	
<u>FUND BALANCES, end of year</u>		<u>173,199</u>	

See accompanying notes and accountant's report.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH  
ARNAUDVILLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. SCOPE OF ENTITY

The Gravity Drainage District No. One of Ward Three of St. Landry Parish 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.

As the governing authority of the parish, for reporting purposes, the St. Landry Parish Government is the financial reporting entity for St. Landry Parish. The financial reporting entity consists of (a) the primary government (parish government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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 Statement No. 14 established criteria for determining which component units should be considered part of the St. Landry Parish Government 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. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the parish government 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 parish government.
2. Organizations for which the parish government does not appoint a voting majority but are fiscally dependent on the parish government.
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.

Because the parish government appoints the District's governing body, the District was determined to be a component unit of the St. Landry Parish Government, 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 parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH  
ARNAUDVILLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accompanying component unit financial statements of Gravity Drainage District No. One of Ward Three of St. Landry Parish 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.

Management has elected not to implement the new financial reporting requirements of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles.

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

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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. Governmental funds of the District include:

General Fund

The General Fund is the general operating fund of the Gravity Drainage District No. One of Ward Three of St. Landry Parish. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Fund

The Special Revenue Fund is used to account for the grant received from the Governor's Office of Rural Development.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH  
ARNAUDVILLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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 and decreases in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the related fund liability is incurred, if measurable.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Louisiana are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Purchase of various operating supplies are regarded as expenditures at the time purchased. The costs of governmental fund-type inventories are recorded as expenditures when purchased and items on hand at year-end, if any, are not recorded as assets. Expenditures for insurance and similar services which extend over more than one accounting period are accounted for as expenditures of the period of acquisition.

D. BUDGETS AND BUDGETARY ACCOUNTING

The District is required by state law to adopt an annual budget for its General Fund. The budget is adopted on a cash basis. The budget must be finally adopted by the District no later than the last day of the preceding year. The Board of Commissioners may authorize revisions requiring alteration of levels of expenditures. Operating appropriations lapse at year-end.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH  
ARNAUDVILLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

The revenues, expenditures and fund balances shown on pages 3 and 4 are reconciled with the amounts reflected in the budget comparisons on page 5 as follows:

	<u>GENERAL FUND</u>
Revenues - page 3	\$166,683
Add: Prior year property taxes receivable	155,549
Prior year state revenue sharing receivable	8,329
Less: Current year property tax receivable	(156,771)
Current year state revenue sharing receivable	<u>(8,483)</u>
Revenues - page 5	<u>165,307</u>
Expenditures - page 3	\$138,587
Add: Prior year payables	3,845
Less: Current year payables	<u>(1,408)</u>
Expenditures - page 5	<u>141,024</u>
Fund balance, end of year - page 4	\$337,045
Add: Current year payables	1,408
Less: Current year receivables	<u>(165,254)</u>
Fund balance, end of year - page 5	<u>173,199</u>

E. ENCUMBRANCES

Encumbrance accounting is not used by the Drainage District.

F. INVESTMENTS AND CASH

Investments are stated at cost or amortized cost, which approximates market.

Louisiana statutes authorize the District to invest in United States bonds, treasury notes or certificates of deposit in state and national banks, or any other federally insured investment.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH  
ARNAUDVILLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FIXED ASSETS

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. The assets recorded in the General Fixed Assets Account Group consist only of equipment. Expenditures for infrastructure assets, if any, are not set up as assets in the General Fixed Assets Account Group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost plus trade-in value, if applicable. Interest costs during construction are not capitalized.

H. PENSION PLANS

The Drainage District does not have a pension plan. The employees of the Drainage District participate in the Social Security Retirement System.

I. VACATION AND SICK LEAVE

After six months of service, employees earn 15 days of annual leave each year at the rate of 10 hours per month. Accumulated annual leave is lost at the time of retirement or resignation. Sick leave is granted at the discretion of the Board of the Drainage District.

J. LONG-TERM DEBT

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group, not in the governmental funds.

K. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position, 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.

2. CASH AND INVESTMENTS

At December 31, 2005 the total bank balances of the District's deposits (cash and time deposits) were \$164,132. The bank balance was covered by federal depository insurance of \$100,000 and by collateral held by the bank in the District's name in the amount of \$186,682.

3. PROPERTY TAXES

The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Property taxes are due on October 1 and become delinquent by January 1 of the following year. The St. Landry Parish Sheriff bills, collects, and distributes the property taxes for the District using the assessed values determined by the tax assessor of St. Landry Parish.

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH  
ARNAUDVILLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

3. PROPERTY TAXES (Continued)

For the year ended December 31, 2005, a tax millage of 14.90 was assessed, of which 5.21 mills were for maintenance, and an additional 9.69 mills was assessed, after a special election was held on July 20, 2003, for the purpose of constructing, maintaining, and operating the District's drainage works. As per state requirements, each taxing district of the parish must remit 3.0622% of total ad valorem taxes per the tax roll to the pension fund. This amount is determined by the legislative auditor each year. Since the Sheriff collects all taxes for the parish, the tax collected in the first month is reduced by the Sheriff for the pension fund amount owed and the remainder is remitted to the taxing district. Therefore, property taxes are shown net of pension fund distributions as follows:

	<u>Total Tax</u> <u>Per Roll</u>	<u>Pension Fund</u> <u>Requirements</u>	<u>Property</u> <u>Tax Receivable</u>
General Fund	\$181,162	\$2,069	\$179,093

4. PROPERTY TAXES RECEIVABLE

A breakdown of property taxes receivable as of December 31, 2005 is as follows:

	<u>Taxes</u> <u>Receivable</u>	<u>Estimated</u> <u>Uncollectible</u>	<u>Collections</u> <u>in December</u>	<u>Net Taxes</u> <u>Receivable</u>
General Fund	\$179,093	\$(15,362)	\$(6,960)	\$156,771

5. INTERFUND RECEIVABLES, PAYABLES

There were no interfund receivables or payables at December 31, 2005.

6. GENERAL LONG-TERM DEBT

The Drainage District purchased a 2003 Kobelco SK250 Excavator for \$158,583 during 2003. The 1992 Kobelco was traded in for \$15,000. The District made a \$25,000 down payment and will pay out the balance in four equal annual installments of \$34,157. The annual debt service requirements including interest are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$30,447	\$3,710	\$34,157
2007	<u>32,249</u>	<u>1,907</u>	<u>34,156</u>
	<u>62,696</u>	<u>5,617</u>	<u>68,313</u>

GRAVITY DRAINAGE DISTRICT NO. ONE OF WARD THREE OF ST. LANDRY PARISH  
ARNAUDVILLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

7. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Equipment</u>
Balance, beginning of year	\$ <u>317,478</u>
Balance, end of year	<u>317,478</u>

8. PER DIEM AND MILEAGE

Per diem and mileage paid to board members is summarized below:

<u>Board Members</u>	<u>Per Diem</u>	<u>Mileage</u>	<u>Total</u>
Teddy Stelly	\$1,200	24	\$1,224
Alvin J. Mallet	1,200	14	1,214
Creighton Dugas, Jr.	1,200	34	1,234
Y. Z. Gauthier	1,200	19	1,219
Donald Meche	<u>1,200</u>	<u>19</u>	<u>1,219</u>
<u>Total</u>	<u>6,000</u>	<u>110</u>	<u>6,110</u>

9. DEFICITS IN INDIVIDUAL FUNDS

None of the District's funds had a deficit fund balance at December 31, 2005.

10. RESERVES OF FUND EQUITY

Per the board meeting held on April 3, 2003, the District shall hold in reserve \$12,000 of property tax revenue for a liability that may result from property taxes paid under protest.

11. LITIGATION

A lawsuit was filed during 2003 against the Gravity Drainage District No. One of Ward Three concerning work done under the Bayou Bourbeaux Watershed Project. The lawsuit also named numerous other public entities. The District's attorney believes that the District and all other entities involved were within their legal rights concerning the work done and anticipates no financial loss from this litigation.