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WELSH GRAVITY DRAINAGE DISTRICT NO. 1
OF JEFFERSON DAVIS PARISH
WELSH, LOUISIANA

ANNUAL FINANCIAL STATEMENTS AND
ACCOUNTANTS' COMPILATION REPORT

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 5-17-06

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WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Management's Discussion and Analysis

Within this section of the Welsh Gravity Drainage District No. 1 of Jefferson Davis Parish's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2005. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The District's assets exceeded its liabilities by \$694,338 (net assets) for the fiscal year reported.
- Total revenues of \$71,708 exceeded total expenditures of \$46,507, which resulted in a current year surplus of \$25,201. This is more than last year, when revenues exceeded expenditures by \$4,148.
- Total net assets are unrestricted.
- At the end of the current fiscal year, unreserved net assets were 484% of total expenditures and 314% of total revenues.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include the financial statements and notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is presented.

Basic Financial Statements

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets.

The Statement of Net Assets presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Management's Discussion and Analysis (Continued)

The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

Financial Analysis of the District as a Whole

The District's net assets at fiscal year-end are \$694,338. The following table provides a summary of the District's net assets:

	<u>2005</u>	<u>2004</u>
Assets:		
Current assets	\$ 695,861	\$ 676,393
Liabilities:		
Current liabilities	<u>1,523</u>	<u>7,256</u>
Net assets:		
Unrestricted	<u>\$ 694,338</u>	<u>\$ 669,137</u>

The following table provides a summary of the District's changes in net assets:

	<u>2005</u>	<u>2004</u>
Revenues	\$ 71,708	\$ 61,394
Maintenance	34,457	45,271
Administration	<u>12,050</u>	<u>11,975</u>
Total Expenses	<u>46,507</u>	<u>57,246</u>
Change in Net Assets	25,201	4,148
Beginning Net Assets	<u>669,137</u>	<u>664,989</u>
Ending Net Assets	<u>\$ 694,338</u>	<u>\$ 669,137</u>

Capital Assets and Debt Administration

The District has no capital assets or debt

WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Management's Discussion and Analysis (Continued)

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District's office, Mr. Bobby Louviere, President at (337) 754-2321.



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COYT. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
JULIA W. PORTUS, C.P.A.

March 20, 2006

Board of Commissioners
Welsh Gravity Drainage District No. 1 of Jefferson Davis Parish
Welsh, Louisiana

We have compiled the accompanying financial statements of the Welsh Gravity Drainage District No. 1 of Jefferson Davis Parish, a component unit of the Jefferson Davis Parish Policy Jury, as of December 31, 2005 and for the year then ended, and the accompanying supplemental information which is presented only for supplemental analysis purposes, 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 and supplemental schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplemental schedules and accordingly, do not express an opinion or any other form of assurance on them.

Gragson, Casiday & Guillory

GOVERNMENT-WIDE FINANCIAL STATEMENTS

WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Statement of Net Assets

December 31, 2005

ASSETS	
Cash	\$ 641,930
Receivables	
Ad valorem taxes	51,256
Accrued interest	<u>2,675</u>
TOTAL ASSETS	<u>695,861</u>
LIABILITIES	<u>1,523</u>
NET ASSETS	
Unrestricted	<u>\$ 694,338</u>

The accompanying notes and accountants' report are an integral part of these financial statements.

WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Statement of Activities

Year Ended December 31, 2005

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for</u> <u>Services</u>	<u>Net Revenues (Expenses) and</u> <u>Changes in Net Assets</u> <u>Governmental</u> <u>Activities</u>
Governmental Activities:			
General government	\$ 12,050	-	\$ (12,050)
Drainage work	34,457	-	(34,457)
Total Governmental Activities	<u>\$ 46,507</u>	<u>\$ -</u>	<u>(46,507)</u>
General Revenues:			
Property taxes, net			54,793
Interest			16,915
Total General Revenues			<u>71,708</u>
Change in Net Assets			25,201
Net Assets, beginning			<u>669,137</u>
Net Assets, ending			<u>\$ 694,338</u>

The accompanying notes and accountants' report are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Balance Sheet - Governmental Fund

December 31, 2005

	<u>2005</u>	<u>2004</u>
ASSETS		
Cash	\$ 641,930	\$ 625,482
Receivables		
Ad valorem taxes	51,256	50,287
Accrued interest	<u>2,675</u>	<u>624</u>
TOTAL ASSETS	<u>\$ 695,861</u>	<u>\$ 676,393</u>
LIABILITIES AND FUND EQUITY		
Liabilities	\$ 1,523	\$ 7,256
Fund Equity		
Fund Balance		
Designated – capital improvements	469,303	458,719
Unreserved and undesignated	<u>225,035</u>	<u>210,418</u>
TOTAL FUND EQUITY	<u>694,338</u>	<u>669,137</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 695,861</u>	<u>\$ 676,393</u>

The accompanying notes and accountants' report are an integral part of these financial statements.

WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Reconciliation of the Balance Sheet - Governmental Fund to the
Statement of Net Assets

December 31, 2005

Total fund balance for governmental fund at December 31, 2005:	\$ 694,338
Total net assets reported for governmental activities in the statement of net assets different from the balance sheet:	<u> -</u>
Total net assets of governmental activities at December 31, 2005	<u>\$ 694,338</u>

The accompanying notes and accountants' report are an integral part of these financial statements.

WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Statement of Revenues, Expenditures and
Changes in Fund Balance – Governmental Fund

Year Ended December 31, 2005

	<u>2005</u>	<u>2004</u>
REVENUES		
Ad valorem taxes (net)	\$ 54,793	\$ 52,109
Interest	<u>16,915</u>	<u>9,285</u>
TOTAL REVENUES	71,708	61,394
EXPENDITURES		
General Government		
Contract services	3,850	3,900
Maintenance	33,315	44,983
Miscellaneous	1,142	288
Per diem	5,900	5,775
Professional fees	<u>2,300</u>	<u>2,300</u>
TOTAL EXPENDITURES	<u>46,507</u>	<u>57,246</u>
EXCESS OF REVENUES OVER EXPENDITURES	25,201	4,148
FUND BALANCE – BEGINNING	<u>669,137</u>	<u>664,989</u>
FUND BALANCE – ENDING	<u>\$ 694,338</u>	<u>\$ 669,137</u>

The accompanying notes and accountants' report are an integral part of these financial statements.

WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance-Governmental Fund to the Statement of Activities**

Year Ended December 31, 2005

Total net changes in fund balances at December 31, 2005 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 25,201
The change in net assets reported for governmental activities in the statement of activities different from the statement of revenues, expenditures and changes in fund balance	<u> -</u>
Total changes in net assets at December 31, 2005 per Statement of Activities	<u>\$ 25,201</u>

The accompanying notes and accountants' report are an integral part of these financial statements.

WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Notes to Basic Financial Statements
December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Welsh Gravity Drainage District No. 1 of Jefferson Davis Parish was created as a political subdivision of the State of Louisiana under the provisions 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. The District is governed by a board of five commissioners who are appointed by the Jefferson Davis Parish Police Jury.

1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Welsh Gravity Drainage District No. 1 of Jefferson Davis Parish includes all funds, account groups, et cetera, that are within the oversight responsibility of the Welsh Gravity Drainage District No. 1 of Jefferson Davis Parish

As the governing authority, for reporting purposes, the Jefferson Davis Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary 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 Jefferson Davis Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Notes to Basic Financial Statements
December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

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 Jefferson Davis Parish 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 Jefferson Davis Parish Police Jury.
2. Organizations for which the Jefferson Davis Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Jefferson Davis Parish Police Jury.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature of significance of the relationship.

Based upon the application of these criteria, Welsh Gravity Drainage District No. 1 of Jefferson Davis Parish is a component unit of the Jefferson Davis Parish Police Jury's reporting entity.

2. **Basis of Presentation**

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Notes to Basic Financial Statements
December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Program revenues include (a) fees and charges paid by the recipients of services offered by the District; and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

The District has one fund, the General Fund, which is therefore considered its major fund.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, the activities are presented using the economic resources measurement focus. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, the activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are

WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Notes to Basic Financial Statements
December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. 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. At December 31, 2005, the District has \$641,930 in deposits (collected bank balances). These deposits are secured from risk by \$308,968 of federal deposit insurance and \$332,962 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Notes to Basic Financial Statements
December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Budgets

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level.

6. Equity Classification

In the government-wide statements, equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

7. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Notes to Basic Financial Statements
December 31, 2005

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2005, taxes were levied on taxable assessed valuations of \$10,119,904 at a millage of 5.72.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C – FUND BALANCE DESIGNATED

Fund balance designated of \$469,303 at December 31, 2005 represents board of commissioners actions for future use of financial resources for capital outlay.

NOTE D – PER DIEM

Per diem paid to commissioners for the year consisted of the following:

Glen Benoit	\$ 1,100
M.J. Doucet	1,200
Robert J. Louviere	1,500
Wayne Phenice	900
Mark Pousson	<u>1,200</u>
	<u>\$ 5,900</u>

REQUIRED SUPPLEMENTAL INFORMATION

WELSH GRAVITY DRAINAGE DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Ad valorem taxes (net)	\$ 51,500	\$ 54,793	\$ 3,293
Interest	<u>8,300</u>	<u>16,915</u>	<u>8,615</u>
TOTAL REVENUES	<u>59,800</u>	<u>71,708</u>	<u>11,908</u>
EXPENDITURES			
General Government			
Contract services	4,200	3,850	350
Maintenance	45,300	33,315	11,985
Miscellaneous	500	1,142	(642)
Per diem	6,300	5,900	400
Professional fees	<u>2,500</u>	<u>2,300</u>	<u>200</u>
TOTAL EXPENDITURES	<u>58,800</u>	<u>46,507</u>	<u>12,293</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,000	25,201	24,201
FUND BALANCE – BEGINNING	<u>669,137</u>	<u>669,137</u>	<u>-</u>
FUND BALANCE – ENDING	<u>\$ 670,137</u>	<u>\$ 694,338</u>	<u>\$ 24,201</u>

See accountants' report.