JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

COMPONENT UNIT FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

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REQUIRED SUPPLEMENTAL INFORMATION - PART I

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

The Management's Discussion and Analysis of the Jefferson Davis Gravity Sub-District "A" of Gravity Drainage District One's (District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2012. This document focuses on the current year activities, resulting changes, and currently known facts in comparison with the prior year information. Please read this document in conjunction with the additional information contained in the financial statements, required supplemental information and other supplemental schedules.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities at the close of fiscal year 2012 by $59,986. The net position increased by $2,589.
- The District's revenues decreased $2,090.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.

Management's Discussion and Analysis

Basic Financial Statements

Required supplementary information (other than MD&A)

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

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 Position, the Statement of Activities, the Balance Sheet and the Statement of Revenues, Expenses, and Changes in Fund Balance.

The Statement of Net Position is the statement of position presenting information that includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District, as a whole, is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

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

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

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012 AND 2011

	2012	2011
Current and other assets	$ 62,207	$ 59,606
Total Assets	$ 62,207	$ 59,606
Other liabilities	$ 2,221	$ 2,209
Total Liabilities	$ 2,221	$ 2,209
Net Position	$ 59,986	$ 57,397
Net Position:		
Net Investment in capital assets	$ -	$ -
Restricted	-	-
Unrestricted	59,986	57,397
Total Net Position	$ 59,986	$ 57,397

Restricted net position represent those assets that are not available for spending as a result of legislative requirements, donor agreements and grant requirements. Conversely, unrestricted net position are those that do not have any limitations on what these amounts may be used for. Net position of the District increased by $2,589 from December 31, 2011 to December 31, 2012.

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Income:		
Ad Valorem taxes	$ 72,345	$ 72,232
State Revenue Sharing	1,157	1,177
Interest	67	2,250
Other Income	-	-
Total Income	$ 73,569	$ 75,659
Operating Expenses:		
Maintenance on Sub-District	$ 55,149	$ 70,108
Other operating expenses	15,831	16,180
Total Operating Expenses	$ 70,980	$ 86,288
Operating Income/(Loss)	$ 2,589	$ (10,629)
Net Increase/(Decrease) in Net Position	**$ 2,589**	**$ (10,629)**

The District total revenues decreased by $2,090. The total cost of all services provided (operating expenses) decreased by $15,308 from the year ending December 31, 2011 to the year ending December 31, 2012.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

The final budget was amended on December 5, 2012. This is a necessary step to review the budget and to adjust for changes in revenues and expenditures based on actual changes during the year. There was no material differences between budgeted amounts and actual ending balances for the year ending December 31, 2012. A summary of the approved budget is presented below. A more detailed schedule is presented as supplemental information following the notes to the financial statements.

CONDENSED BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDING DECEMBER 31, 2012

	Final Budget 2012	Actual 2012	Favorable (Unfavorable) Variance
Revenues	$ 77,794	$ 73,569	$ (4,225)
Expenditures - Public Works	(70,967)	(70,980)	(13)
Excess/(Deficiency) of Revenues Over Expenditures	$ 6,827	$ 2,589	$ (4,228)
Fund Balance, Beginning of Year	57,397	57,397	-
Fund Balance, End of Year	$ 64,224	$ 59,986	$ (4,238)

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The prior year assessments received and the expenditures paid.
- The current year projected income provided by State Revenue Sharing.
- Any additional expenditures to be incurred during the next fiscal year end.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances, comply with finance related laws and regulations and to demonstrate the District's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact Mr. Sidney Theriot, President of the District at (337) 774-3344.

BROADHURST, HAMILTON & COMPANY

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June 14, 2013

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Commissioners
Jefferson Davis Gravity Sub-District "A"
of Gravity Drainage District One
Jefferson Davis Parish
Lake Arthur, LA

We have compiled the accompanying financial statements of the Jefferson Davis Gravity Sub-District "A" of Gravity Drainage District One, a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended December 31, 2012, and the supplementary schedules, as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Jefferson Davis Gravity Sub-District "A" of Gravity Drainage District One is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the Jefferson Davis Gravity Sub-District "A" of Gravity Drainage District One in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The management's discussion and analysis and budgetary comparison information, on pages 2 through 5 and page 26, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The Schedule of Per Diem Paid to Board Members, Schedule of State Funding, Schedule of Current Year Findings, Schedule of Prior Year Findings and Schedule of Management's Corrective Action Plan, on pages 28 through 32, are presented for purposes of additional analysis and are not a required part of the basic financial statements. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Broadhurst, Hamilton & Company

BROADHURST, HAMILTON & COMPANY
Certified Public Accountants

GOVERNMENT-WIDE FINANCIAL STATEMENTS

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012

ASSETS	Governmental Activities
Current Assets:	
Cash and cash equivalents	$ 16,605
Receivables	45,602
Total Current Assets	**$ 62,207**
LIABILITIES	
Current Liabilities:	
Accounts payable	$ 2,221
Total Current Liabilities	**$ 2,221**
NET POSITION	
Net investment in capital assets	$ -
Restricted	-
Unrestricted	59,986
TOTAL NET POSITION	**$ 59,986**

See Accountants' Compilation Report and notes to financial statements which are an integral part of this statement.

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense)/ Revenues & Changes in Net Position
Governmental Activities:					
Component Unit:					
Public Works	$ 70,980	$ -	$ -	$ -	$ (70,980)
General Revenues:					
Property taxes					$ 72,345
State revenue sharing					1,157
Interest					67
Other Income					-
Total General Revenues, Special Items, and Transfers					$ 73,569
Changes in Net Position					**$ 2,589**
Net Position - Beginning of Year					57,397
Net Position - End of Year					**$ 59,986**

See Accountants' Compilation Report and notes to financial statements which are an integral part of this statement.

STATEMENT B

FUND FINANCIAL STATEMENTS

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

BALANCE SHEET - GOVERNMENTAL FUND
AS OF DECEMBER 31, 2012

	General Fund
ASSETS	
Cash and cash equivalents	$ 16,605
Receivables	45,602
TOTAL ASSETS	**$ 62,207**
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 2,221
Total Liabilities	$ 2,221
Fund Balance:	
Unassigned	$ 59,986
Total Fund Balance	$ 59,986
TOTAL LIABILITIES AND FUND BALANCE	**$ 62,207**

See Accountants' Compilation Report and notes to financial statements which are an integral part of this statement.

STATEMENT C

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

RECONCILIATION OF THE BALANCE SHEET - GENERAL FUND TO THE STATEMENT OF NET POSITION AS OF DECEMBER 31, 2012

Total Fund Balance for General Fund as of December 31, 2012	**$ 59,986**
Total Net Position Reported for Governmental Activities in the Statement of Net Position Different from the Balance Sheet	-
Total Net Position of Governmental Activities as of December 31, 2012	**$ 59,986**

See Accountants' Compilation Report and notes to financial statements which are an integral part of this statement.

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund
REVENUES:	
Ad valorem taxes	$ 72,345
State revenue sharing	1,157
Interest earnings	67
Other Income	-
Total Revenues	**$ 73,569**
EXPENDITURES:	
Current Public Works:	
Maintenance on Sub-District	$ 55,149
Office expense	1,202
Payroll tax expense	711
Per diem expense - Board members	5,700
Police Jury - Insurance	261
Professional services	2,136
Refund on Taxes	-
Secretary compensation	3,600
Sheriff's pension fund	2,221
Total Expenditures	**$ 70,980**
EXCESS OF REVENUES OVER EXPENDITURES	**$ 2,589**
FUND BALANCE BEGINNING OF YEAR	**57,397**
FUND BALANCE END OF YEAR	**$ 59,986**

See Accountants' Compilation Report and notes to financial statements which are an integral part of this statement.

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2012

Total Net Change in Fund Balance per Statement of Revenues, Expenditures and Changes in Fund Balance for the Year Ended December 31, 2012	**$ 2,589**
Total Change in Net Position Reported for Governmental Activities in the Statement of Activities is different from the Statement of Revenues, Expenditures, and Changes in Fund Balance	-
Total Changes in Net Position per Statement of Activities for the Year Ended December 31, 2012	**$ 2,589**

See Accountants' Compilation Report and notes to financial statements which are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting frame work and the more significant accounting policies for the District are described in subsequent sections below.

Such accounting and reporting procedures also confirm to the requirements of Louisiana Revised Statutes and the industry audit guide, Audits of State and Local Governments.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity:

As provided by Louisiana Revised Statute 38:1758, the Drainage District is governed by five commissioners. These five commissioners are referred to as the Board of Commissioners and are appointed by the parish police jury. The Drainage District 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.

In conformance with GASB Codification Section 2100, the Drainage District is a component unit of the Jefferson Davis Parish Police Jury, the governing body of the Parish and the governmental body with oversight responsibility. 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 governmental services provided by that government unit, and other governmental units that comprise the governmental reporting entity.

B. Basis of Presentation:

The District's basic financial statements consist of both the government-wide and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

1. Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements include the financial activities of the overall government. 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.

In the government-wide Statement of Net Position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. All of the district's net position are reported as unrestricted.

The government-wide Statement of Activities reports the expenses of a given function offset by program revenues, directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses associated with a distinct functional activity. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.).

(Continued)

NOTES TO FINANCIAL STATEMENTS

The District reports all direct expenses by function in the government Statement of Activities. 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 government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the reported year's activities.

2. 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 fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major individual governmental funds, each reported in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The District does not have any nonmajor funds

The District reports the following major governmental fund:

General Fund – This is the District's primary operating fund. It accounts for all financial resources of the general government.

C. Measurement Focus and 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.

1. Measurement Focus:

a. Government-Wide Financial Statements

The government-wide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or non current) associated with its activities are reported. Government-wide fund equity is classified as net position.

b. Fund Financial Statements

Governmental fund financial statements are reported using the "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

(Continued)

NOTES TO FINANCIAL STATEMENTS

2. **Basis of Accounting**:

a. **Government-Wide Financial Statements**

In the government-wide statement of net position and statement of activities, the statements are presented using the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned and expenses are recorded as a liability when incurred or when the economic asset is used, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of assets or resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants, entitlements, donations and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

b. **Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and revenues are considered to be "available" when they are collectible within the current period or soon enough there after 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. Revenues are classified by source and expenditures are classified by function and character. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Deferred Outflows of Resources and Deferred Inflows of Resources:

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

E. Equity Classifications:

1. **Government-Wide Financial Statements**

The District's net position are reported in three parts:

a. *net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets;

(Continued)

b. *restricted net position* – consists of net position with constraints place 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; and

c. *unrestricted net position* – all other net position that do not meet the definition of "restricted" or "net investment in capital assets." At December 31, 2012, the District only has unrestricted net position.

Restricted or unrestricted amounts are considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted net position is available. Restricted amounts would be reduced first, followed by unrestricted amounts, when expenditures are incurred for purposes for which amounts in unrestricted net position could be used.

2. Fund Financial Statements

During the year ending December 31, 2012, the District adopted GASB Statement No. 54, *Fund Balance Reporting and governmental Fund Type Definitions*, which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. As a result, fund balance is classified as follows in the governmental fund financial statements. Proprietary fund equity is classified the same as in the government-wide statements.

Under GASB Statement No. 54 fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources are to be used.

a. *Nonspendable fund balance* – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).

b. *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

c. *Committed fund balance* – amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

d. *Assigned fund balance* – amounts a government *intends* to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority to.

e. *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the general fund.

Restricted or unrestricted amounts are considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

(Continued)

NOTES TO FINANCIAL STATEMENTS

F. 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 90 days or less from the date of acquisition. State law and the District's investment policy allow the entity to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Under state law, the District may deposit funds with state banks organized under Louisiana Law and national banks having their principal offices in Louisiana.

The District had no investments as of December 31, 2012.

G. Property Taxes Receivable

1. Government-Wide Financial Statements

Property taxes are recognized in the year for which they are levied, net of uncollectible amounts, as applicable.

2. Fund Financial Statements

Property taxes attach as an enforceable lien on property as of January 1. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Assessor of Jefferson Davis Parish and are collected by the Sheriff. The taxes are remitted to the District net of deductions for pension fund contributions. Taxes are budgeted and the revenue recognized in the year they are levied.

All trade and property tax receivables are show net of uncollectibles. The District provides an allowance for doubtful accounts based on an estimate derived from a review of the entity's historical collection experience and a review of the current status of trade accounts receivable. All accounts receivable are considered collectible as of December 31, 2012, therefore the allowance for doubtful accounts at December 31, 2012 is $-0-.

The District levied taxes in 2012 on the assessed valuation of property in the District. The assessed valuation of the property for the District, exclusive of homestead exemptions, was $8,461,324 for the year 2012. Taxes receivable at December 31, 2012 totaled $45,602, all of which is considered collectible.

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage
Gravity Sub-District "A"	8.55 mills	8.55 mills

H. Inventories

Inventories are valued at the lower of cost or market. At December 31, 2012, the District had no inventories.

(Continued)

NOTES TO FINANCIAL STATEMENTS

I. Prepaid Items

At December 31, 2012, the District had no prepaid items.

J. Fixed Assets

At December 31, 2012, the District had no fixed assets.

K. Compensated Absences

The District does not have a formal leave policy.

L. Long-term Obligations

At December 31, 2012, the District had no long-term obligations.

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

N. 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 District, which are either unusual in nature or infrequent in occurrence. At December 31, 2012, the District had no extraordinary or special items.

O. Use of 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. Consequently, actual results could differ from those estimates.

NOTE 2: BUDGET PRACTICES

The District prepares an operating budget of revenues and expenditures for the fiscal year based on current figures and past experience. The operating budget includes proposed expenditures and the means of financing them.

(Continued)

NOTES TO FINANCIAL STATEMENTS

The District follows these procedures in establishing the budgetary data reflected in these financial statements:

1. On or before the last meeting of each year, the District prepares an operating budget for the fiscal year commencing with the following January 1. The operating budget includes proposed expenditures and the means of financing them. The District prepares the operating budget of revenues and expenditures for the fiscal year based on current figures and past experience.

2. 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 the proposed budget as they deem necessary. Any changes in the budget must be within the revenues and reserves estimated.

3. Budgets for the General Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

4. The budget is then adopted by the board. At anytime during the year the Board can amend the budget as necessary.

5. All budgetary appropriations lapse at the end of each year.

	Original Budget	Final Budget	Actual	(Unfavorable)/ Favorable
Net Change in Fund Balance	$ -	$ 6,827	$ 2,589	$ (4,238)

NOTE 3: CASH AND DEPOSITS

At December 31, 2012, the District had cash and cash equivalents totaling $16,605, as follows:

Demand Deposits	$ 16,603
Petty Cash	2
Total Cash and Cash Equivalents	$ 16,605

These deposits are stated at cost, which approximates market value. 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 (FDIC) 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, 2012, the District had $16,603 in deposits (collected bank balances). These deposits are secured from risk by $16,603 of federal deposit insurance (FDIC).

Even though pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R. S. 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 has failed to pay deposited funds upon demand. As of December 31, 2012, the District did not have any funds secured by pledged securities.

(Continued)

NOTES TO FINANCIAL STATEMENTS

NOTE 4: RECEIVABLES

The following is a summary of receivables due at December 31, 2012:

Ad valorem tax	$	45,601
Interest receivable for ad valorem taxes		1
Total Receivables	$	45,602

NOTE 5: LEASES

At December 31, 2012, the District had no leases.

NOTE 6: RELATED PARTY TRANSACTIONS

There were no related party transactions during the year ended December 31, 2012.

NOTE 7: LITIGATION AND CLAIMS

The District is not aware of any claims, asserted or unasserted, pending as of December 31, 2012.

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Since the District is a component unit of the Jefferson Davis Police Jury, it has elected to fall under the liability protection of the police jury. The Jefferson Davis Police Jury has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Jefferson Davis Police Jury is insured up to policy limits for each of the above risks. There were no significant changes in coverages, retentions, or limits during the year ended December 31, 2012. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

NOTE 9: NEW ACCOUNTING PRONOUNCEMENTS

A. ***GASB Statement No. 63*** – During the fiscal year ending December 31, 2012, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of resources, Deferred Inflows of Resources, and Net Position*. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net position is renamed the statement of net position and includes the following elements: *assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.*

B. ***GASB Statement No. 65*** – In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The statement clarifies the appropriate reporting of deferred outflows of resources or deferred inflows of resources to ensure consistency in financial reporting. The provisions of GASB No. 65 must be implemented by the District for the year ending December 31, 2012. The effect of implementation on the District's financial statements has not yet been determined.

(Continued)

NOTES TO FINANCIAL STATEMENTS

NOTE 10: DATE OF MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 14, 2013, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION - PART II

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Ad valorem taxes	$ 73,273	$ 77,753	$ 72,345	$ (5,408)
State revenue sharing	-	-	1,157	1,157
Interest earnings	100	41	67	26
Other income	-	-	-	-
Total Revenues	$ 73,373	$ 77,794	$ 73,569	$ (4,225)
EXPENDITURES:				
Per diem expense	$ 6,000	$ 5,700	$ 5,700	$ -
Secretary compensation	3,600	3,600	3,600	-
Sheriff's pension fund	2,500	2,209	2,221	(12)
Office expense	1,500	1,201	1,202	(1)
Tax Refund	-	-	-	-
Professional services	2,000	2,136	2,136	-
Maintenance on Sub-District	56,673	55,149	55,149	-
Payroll tax expense	600	711	711	-
Police Jury Insurance	500	261	261	-
Total Expenditures	$ 73,373	$ 70,967	$ 70,980	$ (13)
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	**$ -**	**$ 6,827**	**$ 2,589**	**$ (4,238)**
FUND BALANCES, BEGINNING OF YEAR	**57,397**	**57,397**	**57,397**	**-**
FUND BALANCES, END OF YEAR	**$ 57,397**	**$ 64,224**	**$ 59,986**	**$ (4,238)**

See Accountant's Compilation Report.

OTHER SUPPLEMENTAL SCHEDULES

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2012

Name	Amount
Sidney Theriot	$ 1,200
Ronnie Guidry	1,200
Rene' Daboval	1,200
Jerry Hartwell	1,000
Tommy Williams	1,100
Total Per Diem Paid To Board Members	**$ 5,700**

See Accountant's Compilation Report.

SCHEDULE 1

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

SCHEDULE OF STATE FUNDING
FOR THE YEAR ENDED DECEMBER 31, 2012

Description of Funding	Amount
State Revenue Sharing	$ 1,157
Total State Funding	**$ 1,157**

See Accountants' Compilation Report.

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDING DECEMBER 31, 2012

I. Internal Control and Compliance Material to the Financial Statements

Not Applicable

II. Internal Control and Compliance Material to Federal Awards

Not Applicable.

III. Management Letter

This report does not include a management letter.

See Accountant's Compilation Report.

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDING DECEMBER 31, 2012

I. Internal Control and Compliance Material to the Financial Statements

Not Applicable

II. Internal Control and Compliance Material to Federal Awards

Not Applicable.

III. Management Letter

The prior report did not include a management letter.

See Accountant's Compilation Report.

JEFFERSON DAVIS GRAVITY SUB-DISTRICT "A"
OF GRAVITY DRAINAGE DISTRICT ONE
Jefferson Davis Parish Police Jury
Lake Arthur, Louisiana

MANAGEMENTS CORRECTIVE ACTION PLAN FOR THE YEAR ENDING DECEMBER 31, 2012

I. A Management Corrective Action plan is not required for the year ending December 31, 2012.

See Accountant's Compilation Report.