

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

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORTS**

December 31, 2017

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

**Management's Discussion and Analysis
December 31, 2017**

This section of the annual financial report presents our discussion and analysis of the Gravity Drainage District's financial performance during the fiscal year ended December 31, 2017, with comparable information for the previous year.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Gravity Drainage District's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The government-wide financial statements report information about the Gravity Drainage District as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Gravity Drainage District's assets and all of the Gravity Drainage District's liabilities. All of the Gravity Drainage District's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by Ad valorem taxes and state revenue sharing.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Gravity Drainage District's most significant activities and are not intended to provide information for the Gravity Drainage District as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the Gravity Drainage District's funds are governmental and fiduciary funds. These funds are used to account for essentially the same functions that are reported in the government-wide financial statements. However, unlike government-wide financial statements, the funds use a modified accrual basis of accounting that provides a short-term view of the Gravity Drainage District's finances. Assets reported by the funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

An analysis of the government-wide Statement of net position is presented as follows:

	December 31, 2016	December 31, 2017
Assets:		
Current and Other Assets	\$ 1,864,153	\$ 1,689,541
Capital Assets, net	348,716	130,695
Total Assets	\$ 2,212,869	\$ 1,820,236
Liabilities:		
Current and Other Liabilities	\$ 135,140	\$ 108,742
Total Liabilities	\$ 135,140	\$ 108,742
net position:		
Invested in Capital Assets (net of debt)	\$ 348,716	\$ 130,695
Unrestricted / Undesignated	1,728,775	1,580,799
	\$ 2,077,491	\$ 1,711,494

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

**Management's Discussion and Analysis
December 31, 2017**

As the presentation appearing above demonstrates, 100% of the Gravity Drainage District's net position is unrestricted for future use. Net position invested in capital assets consist of property and equipment less any debts used to acquire the assets that remains outstanding. The Gravity Drainage District uses these capital assets to provide services related to the Gravity Drainage District's activities; consequently, this amount is not available for future spending.

An analysis of the government-wide Statement of Activities is presented as follows:

	December 31, 2016	December 31, 2017
Revenues:		
Ad Valorem Taxes	\$ 320,787	\$ 341,767
State Revenue Sharing and Interest	10,933	15,696
Other Revenues	-	500
Total Revenues	\$ 331,720	\$ 357,963
Program Expenses:		
Gravity Drainage District Services	\$ 296,002	\$ 505,938
Depreciation Expense	218,022	218,022
Total Program Expenses	\$ 514,024	\$ 723,960
Change in net position	\$ (182,304)	\$ (365,997)
Net position-Beginning	2,259,795	2,077,491
Net position-Ending	\$ 2,077,491	\$ 1,711,494

As the accompanying presentation demonstrates, the Gravity Drainage District's operations have decreased net position by 18%.

FINANCIAL ANALYSIS OF THE MARSHALL'S FUNDS

For the year ended December 31, 2017 net position decreased by \$ 365,997. The primary reason is due to an increase in expenses while there was a small decrease in revenue for the year, and the deduction for depreciation expense.

BUDGET HIGHLIGHTS

State law requires that a budget be adopted for the general fund. For the year ended December 31, 2017, the budget was adopted based on December 31, 2016 activity and anticipated revenues and expenses for December 31, 2017.

CAPITAL ASSET ADMINISTRATION

For the year ended December 31, 2017, there was no change in capital asset activity.

FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

At the present time, no known issues are expected to have a significant impact on future operations.

Paul Dauzat, CPA

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INDEPENDENT AUDITOR'S REPORT

Gravity Drainage District No. 1 of Rapides Parish
Alexandria, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of Gravity Drainage District (a governmental entity) as of and for the year ended December 31, 2017, and the related notes to the financial statements. These financial statements collectively comprise the Gravity Drainage District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Gravity Drainage District is responsible for the presentation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also involves evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gravity Drainage District as of December 31, 2017, and the respective changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated June 19, 2018 on my consideration of the District's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Paul Dauzat
Certified Public Accountant
June 19, 2018

GOVERNMENT WIDE FINANCIAL STATEMENTS

Gravity Drainage District No. 1
of Rapides Parish
Alexandria, La.
Government Wide Statement of Net Position

December 31, 2017

	General Fund
Assets	
Cash and Cash Equivalents	\$ 1,378,872
Receivables	310,669
Invested in Capital Assets	<u>130,695</u>
Total Assets	<u>1,820,236</u>
Liabilities	
Accounts Payable	108,335
Payroll Taxes Payable	<u>407</u>
Total Liabilities	<u>108,742</u>
Net Position	
Invested in Capital Assets (net of debt)	130,695
Unrestricted	<u>1,580,799</u>
Total Net Position	<u><u>\$ 1,711,494</u></u>

The accompanying notes are an integral part of this statement.

Gravity Drainage District No. 1
of Rapides Parish
Alexandria, La.

GOVERNMENT WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31,2017

	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Net (Expenses) Revenue and Increases (Decreases) in Net Position
					Total Governmental Activities
Governmental Activities:					
General Government	\$ 505,938	\$ -	\$ -	\$ -	\$ 505,938
Depreciation Expense	218,022	-	-	-	218,022
Total Governmental Activities	<u>\$ 723,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>723,960</u>

General Revenues:		
Ad Valorem Taxes		341,767
State Revenue Sharing		6,801
Interest Income		8,895
Other Income		500
Total General Revenues		<u>357,963</u>
Increase (Decrease) in Net Position		<u>(365,997)</u>
Net Position - Beginning of the year		2,077,491
Net Position - End of the year		<u>\$ 1,711,494</u>

The accompanying notes are an integral part of this statement

FUND FINANCIAL STATEMENTS

Gravity Drainage District No. 1
of Rapides Parish
Alexandria, La.

Balance Sheet
Governmental Fund

December 31, 2017

	<u>General Fund</u>
Assets	
Cash and Cash Equivalents	\$ 1,378,872
Receivables	<u>310,669</u>
Total Assets	<u><u>1,689,541</u></u>
Liabilities	
Accounts Payable	108,335
Payroll Taxes Payable	<u>407</u>
Total Liabilities	<u><u>108,742</u></u>
Fund Balance	
Unassigned	<u>1,580,799</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,689,541</u></u>

The accompanying notes are an integral part of this statement.

**Gravity Drainage District No. 1
of Rapides Parish
Alexandria, La.**

**Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2017**

	General Fund
Revenues	
Ad Valorem Tax	\$ 341,767
State Revenue Sharing	6,801
Interest Earnings	8,895
Other Income	500
Total Revenues	357,963
Expenditures	
Current:	
Personnel	12,960
Payroll Taxes	927
Advertising	1,602
Professional Fees	79,884
Insurance	2,242
Repairs & Maintenance	70,166
Masonic Drive	327,277
Retirement Contribution	10,513
Office Expense	368
Total Expenditures	505,939
Excess (deficiency) of revenues over expenditures	(147,976)
Fund Balance, Beginning of Year	1,728,775
Fund Balance, End of Year	\$ 1,580,799

The accompanying notes are an integral part of this statement

**Gravity Drainage District No. 1
Alexandria, La.**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2017**

Net Increase (Decrease) in fund balance - total governmental fund \$ (147,975)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period. (218,022)

Increase (Decrease) of net position of governmental activities \$ (365,997)

The accompanying notes are an integral part of this statement.

**Gravity Drainage District No. 1
of Rapides Parish**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain significant accounting policies and practices of the Gravity Drainage District.

Basis Of Presentation:

The accompanying financial statements of the Gravity Drainage 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 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.

Reporting Entity:

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

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

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

Based on criteria 1 through 3, the District was determined to be a component unit of the Rapides Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

**Gravity Drainage District No. 1
of Rapides Parish**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

Fund Accounting:

The Gravity Drainage District's Office uses funds and account groups to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. In this financial statement, funds are classified into a governmental fund.

Each category, in turn, is divided into separate "fund types." The fund classifications and a description of each existing fund type follows:

Governmental funds are used to account for all or most a government's general activities, including the collection and distribution of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities or the general government not accounted for in some other fund. The general fund is the only governmental fund necessary for the Gravity Drainage District's Office.

Measurement Focus/Basis Of Accounting:

Fund Financial Statements (FFS):

The amounts reflected are accounted for using a current financial resources measurement focus. Only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of fund operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon thereafter to pay liabilities of the current period. The fund considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**Gravity Drainage District No. 1
of Rapides Parish**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Intergovernmental revenue and interest income are accrued when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses):

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

Budgets:

Budget amounts included in the accompanying financial statements include the original adopted budget and any subsequent amendments. Appropriations lapse at year-end.

Cash Equivalents:

Cash included amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Capital Assets:

Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available (or described other method of valuation). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Gravity Drainage District maintains a threshold level of \$5000 or more for capitalizing assets.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, consisting solely of infrastructure (drainage canals and ditches), are depreciated using the straight-line method with a useful life of 40 years.

**Gravity Drainage District No. 1
of Rapides Parish**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 CASH AND CASH EQUIVALENTS

Under the state law, the Gravity Drainage District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Gravity Drainage District may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2017 time deposits (investments with an original maturity date of 90 days or less) totaled \$ 875,000.

These deposits are stated at costs, 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. All deposits were insured by the FDIC.

NOTE 3 RECEIVABLES

Receivables at December 31, 2017 are as follows:

Ad Valorem Tax	\$ 306,101
State Revenue Sharing	4,526
Accrued Interest	42
	\$ 310,669

NOTE 4 CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2017 are as follows:

<u>Governmental Activities</u>	<u>Balance Dec. 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2017</u>
Infrastructure	\$ 8,720,885	\$ -	\$ -	\$8,720,885
Total	\$ 8,720,885	\$ -	\$ -	\$8,720,885
Less accumulated depreciation:				
Infrastructure	\$ 8,372,168	\$ 218,022	\$ -	\$8,590,190
Total	\$ 8,372,168	\$ 218,022	\$ -	\$8,590,190
Capital Assets, net	\$ 348,717			\$130,695

**Gravity Drainage District No. 1
of Rapides Parish**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 RISK MANAGEMENT

The Gravity Drainage District is exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Gravity Drainage District carries commercial insurance for all risks and settled claims did not exceed commercial coverage for any of the past three fiscal years.

NOTE 6 ESTIMATES

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

NOTE 7 SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 19, 2018 which is the date the financial statements were available to be issued. There were no events that required disclosure.

NOTE 8 BOARD OF COMMISSIONERS COMPENSATION

	<u>Days</u>	<u>Total</u>
John Bradas	24	\$ 1,440
Marion Chaney	22	1,320
Donald G. Holloway	22	1,320
Gerber Porter	23	1,380
Max C. Johnston	24	<u>1,440</u>
		<u>\$ 6,900</u>

The board has elected to compensate members \$ 60 for each day in the conduct of official business of the District not to exceed 24 days a year.

Compensation is in compliance with House Concurrent Resolution No. 54 of the 1979 session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 38:1794, this does not exceed the maximum allowed by the statute of \$65 a day, not to exceed 36 days annually.

SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34

**Gravity Drainage District No. 1
of Rapides Parish
Alexandria, Louisiana**

**Budgetary Comparison Schedule-General Fund
For The Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Ad Valorem Tax	\$ 328,696	\$ 328,696	\$ 341,767	\$ 13,071
State Revenue Sharing	7,000	7,000	6,801	(199)
Interest Earnings	1,000	1,000	8,895	7,895
Other	-	-	500	500
Total Revenues	<u>336,696</u>	<u>336,696</u>	<u>357,963</u>	<u>12,872</u>
EXPENDITURES				
Current:				
Personnel	14,210	14,210	13,887	323
Advertising	1,200	1,200	1,602	(402)
Professional Fees	90,000	93,000	79,884	13,116
Insurance	2,500	2,500	2,242	258
Repairs & Maint	50,000	200,000	70,166	129,834
Retirement	11,000	11,000	10,513	487
Office Expense	250	250	368	(118)
Masonic Drive	695,000	695,000	327,277	367,723
Total Expenditures	<u>864,160</u>	<u>1,017,160</u>	<u>505,939</u>	<u>511,221</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(527,464)</u>	<u>(680,464)</u>	<u>(147,976)</u>	<u>532,488</u>
FUND BALANCE				
Beginning of Year	1,728,775	1,728,775	1,728,775	-
End of Year	<u>\$ 1,201,311</u>	<u>\$ 1,048,311</u>	<u>\$ 1,580,799</u>	<u>\$ 532,488</u>

The accompanying notes are an integral part of this statement.

**OTHER REPORT REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

Paul Dauzat, CPA

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Alexandria, LA 71315

MEMBER
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

Gravity Drainage District No. 1 of Rapides Parish
Alexandria, Louisiana

I have audited the financial statements of Gravity Drainage District as of and for the year ended December 31, 2017, and the related notes to the financial statements and have issued my report thereon dated June 19, 2018. 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Gravity Drainage District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Gravity Drainage District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Gravity Drainage District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Gravity Drainage District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Gravity Drainage District, others within the entity, and government entities and is not intended to be and should not be used by anyone other than these specified parties.

Purpose of This Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Paul Dauzat
Certified Public Accountant
June 19, 2018

**GRAVITY DRAINAGE DISTRICT NO. 1 OF RAPIDES PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended December 31, 2017

I have audited the financial statements of Gravity Drainage District as of and for the year ended December 31, 2017, and have issued my report thereon dated June 19, 2018. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2017 resulted in an unqualified opinion.

Section 1-Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weaknesses Yes No Significant Deficiency Yes No

Compliance:

Non Compliance Material to Financial Statements Yes No

Section 11-Financial Statement Findings or Questioned Costs.

There were no financial statement findings or questioned costs.

GRAVITY DRAINAGE DISTRICT NO. 1 OF RAPIDES PARISH
SCHEDULE OF PRIOR YEAR FINDINGS
For The Year Ended December 31, 2017

There were no prior year findings for the year ended December 31, 2016.

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer

Year Ended June 30, 2017

Agency Head Name: John Bradas, President

Purpose	Amount
Salary	None
Police Jury	None
City Court	None
State Supplemental	None
Benefits-Insurance	None
Benefits-Retirement	None
Accrued Leave	None
Car Allowance	None
Vehicle Provided By Government	None
Per Diem	\$ 1,440
Reimbursements	None
Travel	None
Registration Fees	None
Conference Travel	None
Continuing Professional Education Fees	None
Housing	None
Unvouchered Expenses	None
Special Meals	None

Paul Dauzat, CPA

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To: John Bradas, President
Gravity Drainage District No. 1
of Rapides Parish

I have performed the procedures enumerated below, which were agreed to by Gravity Drainage District No. 1 and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are presented in the accompanying Schedule of Procedures, Results and Managements' response where applicable.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Paul Dauzat, CPA
Alexandria, Louisiana
June 19, 2018

GRAVITY DRAINAGE DISTRICT NO. 1
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE
For The Year Ended December 31, 2017

WRITTEN POLICIES AND PROCEDURES

Agreed-Upon Procedure	Results	Managements' Response
<p>Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions:</p> <ul style="list-style-type: none"> * Budgeting * Purchasing * Disbursements * Receipts * Payroll/Personnel * Contracting * Credit Cards * Travel and expense reimbursements * Ethics * Debt 	<p>Reviewed the entity's written policies and procedures and ascertained that they addressed the following:</p> <p style="text-align: center;">no yes yes no no no n/a n/a no n/a</p>	<p>Follow the Local Government Budget Act</p> <p>Will develop a policy Will develop a policy Will develop a policy</p> <p>Will develop a policy</p>

GRAVITY DRAINAGE DISTRICT NO. 1
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANagements' RESPONSE
For The Year Ended December 31, 2017

Board (or Finance Committee)

Agreed-Upon Procedure	Results	Managements' Response
<p>Obtain and review the board/committee minutes for the fiscal period, and:</p> <p>a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation.</p> <p>b) Report whether the minutes reference or included monthly budget to actual comparisons on the general fund and any funds identified as major funds in the entity prior audit (GAAP basis).</p> <p>If budgets are adopted that increase an existing deficit, is there a formal written plan to eliminate deficit spending and do the minutes indicate periodic monitoring of the plan?</p> <p>c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.</p>	<p>yes</p> <p>yes</p> <p>n/a</p> <p>yes</p>	

GRAVITY DRAINAGE DISTRICT NO. 1
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE
For The Year Ended December 31, 2017

Bank Reconciliations

Agreed-Upon Procedure	Results	Managements' Response
<p>Obtain a listing of client bank accounts from management:</p> <p>Using the listing provided by management, select a minimum of five (5) or all if less than five (5) and report whether:</p> <p>a) Bank reconciliations have been prepared.</p> <p>b) Bank reconciliations include evidence that a member of management or a board member has reviewed each reconciliation.</p> <p>c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.</p>	<p>Obtained a listing of bank accounts with representation that the list was complete.</p> <p>Selected 3 bank accounts.</p> <p>yes</p> <p>no</p> <p>n/a</p>	<p>Will have the Treasurer review bank reconciliations in the future.</p>

GRAVITY DRAINAGE DISTRICT NO. 1
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE
For The Year Ended December 31, 2017

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.</p> <p>Using the list provided by management, select a minimum of five (5) or all if less than 5 cash locations and obtain written documentation and report whether:</p> <p>a) Each person responsible for collecting cash is:</p> <p style="padding-left: 20px;">* bonded</p> <p style="padding-left: 20px;">* not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account.</p> <p style="padding-left: 20px;">* not required to share the same cash register or drawer with another employee.</p> <p>b) The entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.</p>	<p>Obtained a listing of all cash locations and representation that the list was complete.</p> <p>Selected all cash locations which consisted of 1. Cash collections only consist of checks received at a Post Office Box.</p> <p style="text-align: center;">yes</p> <p style="text-align: center;">no</p> <p style="text-align: center;">n/a</p> <p style="text-align: center;">no</p>	<p>Office personnel consist of only one person</p>

GRAVITY DRAINAGE DISTRICT NO. 1
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANagements' RESPONSE
For The Year Ended December 31, 2017

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>c) Select the highest dollar week of cash collections from the general ledger or other accounting records during the fiscal period and:</p> <p>* Report whether the deposits were made within one day of collection.</p> <p>* Verify that daily cash collections are completely supported by documentation.</p> <p>Obtain existing written documentation and report whether the entity has a process specifically defined to determine completeness of all collections by a person who is not responsible for collections.</p>	<p>Selected highest dollar week of collections</p> <p style="text-align: center;">no</p> <p style="text-align: center;">n/a</p> <p style="text-align: center;">no</p>	<p>Deposits are made on a weekly basis</p> <p>Office personnel consist of only one person</p>

GRAVITY DRAINAGE DISTRICT NO. 1
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANagements' RESPONSE
For The Year Ended December 31, 2017

Disbursements-General

Agreed-Upon Procedure	Results	Managements' Response
Obtain a listing of entity disbursements from management.	Obtained list of disbursements from disbursements journal.	
Using the disbursements population from above, randomly select 25 disbursements excluding credit card/debit card/fuel card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screen logs for each transaction and report whether the supporting documentation for each transaction demonstrated that:	Selected 25 disbursements.	
a) Purchases were initiating using requisition/ purchase order system.	no	Purchases are very minimal
b) Purchase orders were approved by a person who did not initiate the purchase.	yes	Purchases are approved by the board that meets semi-monthly
c) Payments for purchases were not processed without:		
* An approved requisition and/or purchase order	no	
* A receiving report showing receipt of goods purchased.	no	The only receipt of goods are minimal office supplies
* An approved invoice.	yes	
Using entity documentation report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursements system.	no	We do not have adequate personnel.

GRAVITY DRAINAGE DISTRICT NO. 1
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE
For The Year Ended December 31, 2017

Disbursements-General

Agreed-Upon Procedure	Results	Managements' Response
Using entity documentation report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.	no	
Inquire of management and observe whether the supply of unused checks or blank check stock is maintained in a locked location, with access restricted to those persons that do not have signatory authority.	yes	
If a signature stamp or signature machine is used, inquire of the signer whether his or her signature and any signed checks are maintained under his or her control or is used only with the knowledge and consent of the signer.	yes Signature stamp is not used	

GRAVITY DRAINAGE DISTRICT NO. 1
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANagements' RESPONSE
For The Year Ended December 31, 2017

Credit Cards/Debit Cards/Fuel Cards

Agreed-Upon Procedure	Results	Managements' Response
<p>Obtain from management a listing of all active credit cards, bank debit cards and fuel cards.</p> <p>Select the monthly statement or combined statement with the largest dollar activity for each card:</p> <p>a) Is there evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.</p> <p>b) Report whether finance charges and/or late fees were assessed on the selected statements.</p> <p>Using the monthly statements or combined statements selected, obtain supporting documentation for all transactions for each of the cards selected.</p> <p>a) Obtain supporting documentation for all transactions for each card selected by:</p> <ul style="list-style-type: none"> * An original itemized receipt * Documentation of the business purpose. * Other documentation that may be required by written policy. <p>b) Compare the transaction's detail to the entity's written purchasing/disbursement policies and the La. Public Bid Law.</p> <p>c) Compare the entity's documentation of the business purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution.</p>	<p>No credit, debit or fuel cards used.</p>	

GRAVITY DRAINAGE DISTRICT NO. 1
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANagements' RESPONSE
For The Year Ended December 31, 2017

Travel and Expense Reimbursement

Agreed-Upon Procedure	Results	Managements' Response
<p>Obtain from management a listing of all travel and related expense reimbursements, by person.</p> <p>Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration and report any amounts that exceeded the GSA rates.</p> <p>Using the listing or general ledger, select three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:</p> <p>a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If entity does not have written policies, compare to the GSA rates and report each reimbursement that exceeded those rates.</p> <p>b) Report whether each expense is supported by:</p> <ul style="list-style-type: none"> * An original itemized receipt that identifies precisely what was purchased. * Documentation of the business purpose. * Other documentation as may required by written policy. 	<p>No travel and expense reimbursements.</p>	

GRAVITY DRAINAGE DISTRICT NO. 1
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE
For The Year Ended December 31, 2017

Travel and Expense Reimbursement

Agreed-Upon Procedure	Results	Managements' Response
<p>Compare the entity's documentation of the business purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, report the transaction as an exception.</p> <p>Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.</p>		

GRAVITY DRAINAGE DISTRICT NO. 1
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE
For The Year Ended December 31, 2017

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort for contract payments. Obtain management's representation that the list is complete.	Obtained listing of contracts.	
Select five (5) contract vendors that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the contracts and payments and:	Selected 3 contract vendors and obtained contracts and payments.	
a) Report whether there is a formal/written contract that supports the services and amount paid.	yes	
b) Compare each contract's detail to the La. Public Bid Law or Procurement Code. Report whether each contract is subject to the La. Public Bid Law or Procurement Code.	yes	
c) Report whether the contract was amended. Report the scope and dollar amount of any amendments and whether the contract provided for such an amendment.	No amendments	
d) Select the largest payment from each of the contracts and compare the payment to the contract terms and report compliance with the terms of the contract.	yes	
e) Obtain board minutes and report whether there is documentation of board approval.	yes	

GRAVITY DRAINAGE DISTRICT NO. 1
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SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE
For The Year Ended December 31, 2017

Payroll and Personnel

Agreed-Upon Procedure	Results	Managements' Response
<p>Obtain a listing of employees (elected officials, if applicable) with their related salaries, and obtain management's representation that the list is complete. Randomly select 5 (or one third if greater than 5 employees) , obtain their personnel files, and:</p> <p>a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.</p> <p>b) Review changes made to hourly pay rates/ salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.</p> <p>Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or one-third of employees/officials if less than 25) during the fiscal period and:</p> <p>a) Report whether all selected employees/ officials documented their daily attendance and leave. (if an elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave).</p> <p>b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.</p>	<p>Obtained a listing of all employees with related compensation amounts and a representation that the list was complete. Selected 2 employees and obtain personnel files.</p> <p>yes</p> <p>yes</p> <p>No leave policy</p>	

GRAVITY DRAINAGE DISTRICT NO. 1
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SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE
For The Year Ended December 31, 2017

Payroll and Personnel

Agreed-Upon Procedure	Results	Managements' Response
<p>c) Report whether there is written documentation that the entity maintained written leave records (e.g. hours earned, hours used, and the balance available) on those selected employees/officials that earn leave.</p> <p>Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.</p> <p>Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions as well as the required reporting forms were submitted to the applicable agencies by the required deadlines.</p>	<p>No terminated employees.</p> <p>Obtained payroll tax returns and cancelled checks and ascertained that returns were timely filed and the correct payments were made by deadlines.</p>	

GRAVITY DRAINAGE DISTRICT NO. 1
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE
For The Year Ended December 31, 2017

Ethics

Agreed-Upon Procedure	Results	Managements' Response
<p>Using the randomly selected employees/officials, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.</p> <p>Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.</p>	<p>documentation was evidenced for the 2 employees selected.</p> <p>no violations reported</p>	

GRAVITY DRAINAGE DISTRICT NO. 1
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANagements' RESPONSE
For The Year Ended December 31, 2017

Debt Service

Agreed-Upon Procedure	Results	Managements' Response
<p>If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.</p>	<p>no debt issued during the year ended</p>	
<p>If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.</p>	<p>no outstanding debt</p>	
<p>If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceeded debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.</p>	<p>no tax millages related to debt service</p>	

GRAVITY DRAINAGE DISTRICT NO. 1
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANagements' RESPONSE
For The Year Ended December 31, 2017

Other		
Agreed-Upon Procedure	Results	Managements' Response
<p>Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.</p> <p>Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.</p> <p>If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.</p>	<p>inquired no misappropriations discovered or reported</p> <p>yes</p> <p>none noted</p>	