

STATE OF LOUISIANA  
OFFICE OF THE LEGISLATIVE AUDITOR  
Baton Rouge, Louisiana

**TERREBONNE LEVEE AND  
CONSERVATION DISTRICT**  
Chauvin, Louisiana

**General Purpose Financial Statements  
And Independent Auditor's Reports**

**As of and for the years ended  
June 30, 1999 and 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date OCT 13 1999



(A Professional Corporation)  
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INDEPENDENT AUDITOR'S REPORT

To the Board  
Terrebonne Levee and Conservation District  
Chauvin, Louisiana

We have audited the accompanying general purpose financial statements of the Terrebonne Levee and Conservation District, a component unit of the State of Louisiana, as of June 30, 1999 and 1998, and for the years then ended, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Terrebonne Levee and Conservation District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Terrebonne Levee and Conservation District as of June 30, 1999 and 1998, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 1999 on our consideration of the Terrebonne Levee and Conservation District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



September 28, 1999

**TERREBONNE LEVEE AND CONSERVATION DISTRICT**  
**Chauvin, Louisiana**  
**Combined Balance Sheet**  
**June 30, 1999 and 1998**

|                                                             | <u>June 30,</u><br><u>1999</u> | <u>June 30,</u><br><u>1998</u> |
|-------------------------------------------------------------|--------------------------------|--------------------------------|
| <b>ASSETS:</b>                                              |                                |                                |
| Current assets:                                             |                                |                                |
| Cash and cash equivalents                                   | \$ 2,151                       | \$ 5,238                       |
| Ad valorem tax receivable                                   | <u>3,193</u>                   | <u>1,726</u>                   |
| <b>TOTAL ASSETS AND OTHER DEBITS</b>                        | <b>\$ <u>5,344</u></b>         | <b>\$ <u>6,964</u></b>         |
| <br><b>LIABILITIES:</b>                                     |                                |                                |
| Current liabilities:                                        |                                |                                |
| Undistributed revenues payable                              | \$ <u>3,193</u>                | \$ <u>4,538</u>                |
| <b>Total Liabilities</b>                                    | <u>3,193</u>                   | <u>4,538</u>                   |
| <br><b>FUND EQUITY:</b>                                     |                                |                                |
| Reserved - Designated fund balance                          | <u>2,151</u>                   | <u>2,426</u>                   |
| <b>Total Equity</b>                                         | <u>2,151</u>                   | <u>2,426</u>                   |
| <br><b>TOTAL LIABILITIES, EQUITY, AND<br/>OTHER CREDITS</b> | <br><b>\$ <u>5,344</u></b>     | <br><b>\$ <u>6,964</u></b>     |

The accompanying notes are an integral part of this statement.

**TERREBONNE LEVEE AND CONSERVATION DISTRICT**  
**Chauvin, Louisiana**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**For the Years Ended June 30, 1999 and 1998**

|                                                              | June 30,<br>1999       | June 30,<br>1998       |
|--------------------------------------------------------------|------------------------|------------------------|
| <b>REVENUES</b>                                              |                        |                        |
| Ad valorem tax                                               | \$ 1,410,953           | \$ 1,383,797           |
| State revenue sharing                                        | 125,403                | 124,711                |
| Interest                                                     | 1,282                  | 7,639                  |
|                                                              | <u>1,537,638</u>       | <u>1,516,147</u>       |
| Total revenues                                               | \$ 1,537,638           | \$ 1,516,147           |
| <b>EXPENDITURES</b>                                          |                        |                        |
| Revenue Distributions:                                       |                        |                        |
| North Terrebonne                                             | \$ 326,691             | \$ 284,044             |
| Atchafalaya                                                  | 230,614                | 377,480                |
| South Terrebonne                                             | 980,073                | 852,132                |
| Bank charges                                                 | 235                    | 65                     |
| Accounting                                                   | 300                    | -                      |
|                                                              | <u>1,537,913</u>       | <u>1,513,721</u>       |
| Total expenditures                                           | \$ 1,537,913           | \$ 1,513,721           |
| <b>EXCESS (Deficiency) OF<br/>REVENUES OVER EXPENDITURES</b> | \$ (275)               | \$ 2,426               |
| <b>FUND BALANCES AT BEGINNING OF YEAR</b>                    | <u>2,426</u>           | <u>-0-</u>             |
| <b>FUND BALANCES AT END OF YEAR</b>                          | <u><u>\$ 2,151</u></u> | <u><u>\$ 2,426</u></u> |

The accompanying notes are an integral part of this statement.

# **TERREBONNE LEVEE AND CONSERVATION DISTRICT**

**Chauvin, Louisiana**

**Notes to the Financial Statements**

**June 30, 1999 and 1998**

## **INTRODUCTION**

The Terrebonne Levee and Conservation District, a component unit of the State of Louisiana, was created on July 1, 1997 by enactment of House Bill No. 1396 Regular Session, 1997. The District consists of all lands in Terrebonne parish. The management and control of the District shall be vested in a Board of Commissioners appointed by the Governor. In addition to any other powers and duties provided by law, the primary duty of the Board shall be to establish, construct, operate, or maintain flood control works as they relate to hurricane protection, tidewater flooding, saltwater intrusion, and conservation. As a secondary duty, the Board shall have the authority to establish flood control, adequate drainage relating to tidal or riverine flooding, and water resources development including but not limited to construction of reservoirs, diversion canals, gravity and pump drainage systems, erosion control measures, and marsh management. Until the year beginning January 1, 2000, the duties of the District are performed by the Atchafalaya Basin Levee District, the South Terrebonne Parish Tidewater Management and Conservation District, and the North Terrebonne Parish Drainage and Conservation District. Therefore the revenue collected by the District is distributed to these three entities. For the year beginning January 1, 2000 and thereafter, the South Terrebonne and North Terrebonne districts will merge into the Terrebonne Levee and Conservation District. Also, for the year beginning January 1, 2000 and thereafter, because the Atchafalaya Basin Levee District will continue to provide mainline levee protection which is beneficial to Terrebonne Parish, the Terrebonne Levee and Conservation District will make payments to it in the amount of ten percent of the ad valorem taxes collected.

The Board is a political corporation with authority to issue bonds and to levee taxes on all property within the District. The initial Board of Commissioners shall consist of the current seven commissioners of the South Terrebonne Parish Tidewater and Conservation District and the seven commissioners of the North Terrebonne Parish Drainage and Conservation District. Said commissioners shall serve until the Governor of the State of Louisiana takes office in the Year 2000 or thereafter until their replacements have been appointed.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. BASIS OF PRESENTATION**

The accompanying financial statements of the Terrebonne Levee and Conservation District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

# TERREBONNE LEVEE AND CONSERVATION DISTRICT

Chauvin, Louisiana

Notes to the Financial Statements

June 30, 1999 and 1998

## B. REPORTING ENTITY

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Terrebonne Levee and Conservation District includes all funds, account groups, et cetera, that are within the oversight responsibility of the District's Board of Commissioners. The District constitutes a political subdivision of the State of Louisiana within the meaning of Article VI, Section 44 of the Constitution of Louisiana. The governor appoints commissioners. Therefore, the District is a component unit of the State of Louisiana.

## C. FUND ACCOUNTING

The Terrebonne Levee and Conservation District uses funds and account groups (when necessary) to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. Currently, there is no need to use account groups.

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

The only fund of the Terrebonne Levee and Conservation District is the general fund which is a governmental fund. This fund classification and a description of the general fund type follow:

### **Governmental Funds**

Governmental funds account for all the Terrebonne Levee and Conservation District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. The only governmental fund used is:

1. General Fund--the general operating fund of the Terrebonne Levee and Conservation District and accounts for all financial resources, except those required to be accounted for in other funds.

## D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With

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this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds, expendable trust funds, and agency funds. The governmental funds and expendable trust funds use the following practices in recording revenues and expenditures:

**Revenues**

Revenues, including funds received from other governmental units, are accounted for using the modified accrual basis of accounting. This means they are recorded when they are both measurable and available to finance *current expenditures*. Revenue is considered available when it is collectable during the current period, and the actual collection will occur either (1) during the current period or (2) after the end of the period but in time to pay current year-end liabilities.

**Expenditures**

Expenditures are generally recognized when the related fund liabilities are incurred under the modified accrual basis of accounting.

**E. BUDGETS**

The Terrebonne Levee and Conservation District did not prepare a budget.

**F. ENCUMBRANCES**

The District does not utilize encumbrance accounting; under which purchase orders, contracts, and other commitments are recorded in the fund general ledgers.

**G. CASH**

Cash includes amounts in interest-bearing demand deposits. Under state law, the Terrebonne Levee and Conservation District may deposit funds in demand deposits, interest-bearing 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.

**H. FUND EQUITY**

All fund equity was reserved and designated for disbursement in accordance with House Bill No. 1396 Regular Session, 1997.

# **TERREBONNE LEVEE AND CONSERVATION DISTRICT**

**Chauvin, Louisiana**

**Notes to the Financial Statements**

**June 30, 1999 and 1998**

## **2. REVENUE**

In the 1997 assessment, the District levied a 5 mills tax on all of the property subject to taxation in Terrebonne Parish. In the 1998 assessment, the District levied a 4.89 mills tax on all of the property subject to taxation in Terrebonne Parish. All ad valorem tax is collected by the Terrebonne Parish Sheriff who then remits the tax to the District.

The District also receives state revenue sharing from the State of Louisiana.

## **3. REVENUE DISTRIBUTIONS**

Revenue distributions are based on the requirements of House Bill No. 1396 Regular Session, 1997.

## **4. CASH AND CASH EQUIVALENTS**

At June 30, 1999 and 1998 the District has cash totaling \$2,150 and \$5,238 respectively. The cash is held in an interest bearing demand deposit.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At June 30, 1999 and 1998, the District has \$2,150 and \$5,238 respectively in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

## **5. RECEIVABLES**

The District's ad valorem tax receivable consist of taxes collected by the Sheriff in June and remitted to the District in July.

## **6. LITIGATION AND CLAIMS**

At June 30, 1999, the District had no litigation or claims pending.

## **7. YEAR 2000 ISSUE**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Terrebonne Levee and Conservation District's.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determined until year 2000 and



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**June 30, 1999 and 1998**

thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

## **Supplemental Information Schedules**

**TERREBONNE LEVEE AND CONSERVATION DISTRICT****Chauvin, Louisiana****Summary Schedule of Prior Audit Findings****For the Years Ended June 30, 1999 and 1998**

| <u>Ref. No.</u> | <u>Fiscal Year<br/>Finding<br/>Initially<br/>Occurred</u> | <u>Description<br/>of Finding</u> | <u>Corrective<br/>Action Taken<br/>(Yes, No, Partially)</u> | <u>Planned Corrective<br/>Action/Partial<br/>Corrective<br/>Action Taken</u> | <u>Additional<br/>Explanation</u> |
|-----------------|-----------------------------------------------------------|-----------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------|
| <u>None</u>     |                                                           |                                   |                                                             |                                                                              |                                   |

There are no prior audit findings.

**TERREBONNE LEVEE AND CONSERVATION DISTRICT**

Chauvin, Louisiana

Corrective Action Plan for

Current Year Audit Findings

For the Years Ended June 30, 1999 and 1998

| <u>Ref. No.</u> | <u>Description of Finding</u> | <u>Corrective Action Planned</u> | <u>Name of Contact Person</u> | <u>Anticipated Completion Date</u> |
|-----------------|-------------------------------|----------------------------------|-------------------------------|------------------------------------|
| 99-1            | See below                     | See below                        | Deborah Kern-Knoblock         | June 30, 2000                      |

Description of Findings:

Compliance with certain provisions of laws: The District did not adopt a budget for the years ended June 30, 1999 and 1998. This is a violation of LSA-RS 39:34.

Corrective Action Planned:

The District will adopt a budget in future years.

**TERREBONNE LEVEE AND CONSERVATION DISTRICT**

Chauvin, Louisiana

Corrective Action Plan for

Current Year Audit Findings

For the Years Ended June 30, 1999 and 1998

| <u>Ref. No.</u> | <u>Description of Finding</u> | <u>Corrective Action Planned</u> | <u>Name of Contact Person</u> | <u>Anticipated Completion Date</u> |
|-----------------|-------------------------------|----------------------------------|-------------------------------|------------------------------------|
| 99-2            | See below                     | See below                        | Deborah Kern-Knoblock         | June 30, 2000                      |

Description of Findings:

Compliance with certain provisions of laws: At various times, the bank account exceeded the \$100,000 federal deposit insurance limit. This is a violation of the fiscal agency and cash management requirements of LSA-RS 39:1211-45 and/or 49:301-327. This results from the fact that the majority of ad valorem tax revenue is received in November and December. These large cash balances remained only for a short time because the revenue was distributed to other entities.

Corrective Action Planned:

The District will require the bank to pledge securities sufficient to secure the balance over \$100,000.

**Other Report Required by  
*Governmental Auditing Standards***

**Report on Compliance and on Internal control**

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board  
Terrebonne Levee and Conservation District  
Chauvin, Louisiana

We have audited the general purpose financial statements of the Terrebonne Levee and Conservation District, a component unit of the State of Louisiana, as of June 30, 1999 and 1998, and for the years then ended, and have issued our report thereon dated September 28, 1999. We conducted our audit in accordance with 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.

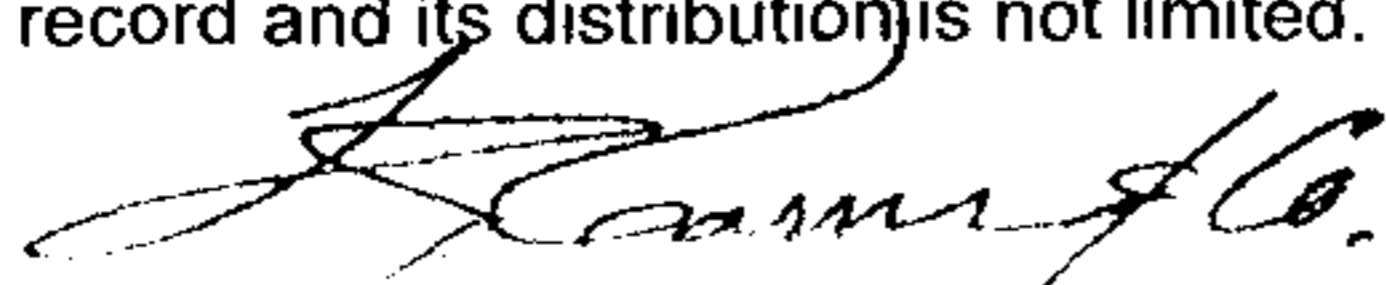
Compliance

As part of obtaining reasonable assurance about whether the Terrebonne Levee and Conservation District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance, that are required to be reported under *Government Auditing Standards*, which are described in the accompanying corrective action plan for current year audit findings as items 99-1 and 99-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Terrebonne Levee and Conservation District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that would be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



September 28, 1999