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**BROUSSARD ENVIRONMENTAL
SERVICE AND ENHANCEMENT DISTRICT**

FINANCIAL REPORT

June 30, 2003

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the Attorney General and other appropriate public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-24-04

J. L. SONNIER
Certified Public Accountant
Lafayette, Louisiana

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Broussard Environmental Service
and Enhancement District
Broussard, Louisiana

I have audited the accompanying general purpose financial statements of the Broussard Environmental Service and Enhancement District, a component unit of the City of Broussard, Louisiana, as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Broussard Environmental Service and Enhancement District's management. My responsibility is to express an opinion on these general purpose 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. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Broussard Environmental Service and Enhancement District, a component unit of the City of Broussard, Louisiana, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund type for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 18, 2004, on my consideration of the Broussard Environmental Service and Enhancement District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

February 18, 2004

**BROUSSARD ENVIRONMENTAL
SERVICE AND ENHANCEMENT DISTRICT
BALANCE SHEET
June 30, 2009**

	2009
ASSETS	
Current Assets	
Cash on hand and in bank	1,543
Total current assets	1,543
Property, Plant and Equipment, at cost	512,209
Total assets	514,743
LIABILITIES AND FUND EQUITY	
Liabilities	
Current Liabilities	
Accounts payable	68,712
Total current liabilities	68,712
Non Current Liabilities	
Due to other governments	458,035
Total liabilities	526,747
Fund Equity	
Retained earnings – unrestricted	-
Total fund equity	-
Total liabilities and fund equity	526,747

See Notes to Financial Statements.

**BROUSSARD ENVIRONMENTAL
SERVICE AND ENHANCEMENT DISTRICT
STATEMENT OF CASH FLOWS**
Year Ended June 30, 2003

	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	-
Adjustments to reconcile operating income to net cash provided by operations -	
Increase (decrease) in:	
Accounts payable	<u>66,712</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>66,712</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Amounts borrowed from the City of Broussard, Louisiana	488,000
Purchases of property, plant and equipment	<u>(517,280)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(29,280)</u>
NET INCREASE (DECREASE) IN CASH	3,547
CASH AT BEGINNING OF YEAR	<u>-</u>
CASH AT END OF YEAR	<u>3,547</u>

See Notes to Financial Statements.

**BROUSSARD ENVIRONMENTAL
SERVICE AND ENHANCEMENT DISTRICT**

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

1. Summary of Significant Accounting Policies

The financial and reporting policies of the Broussard Environmental Service and Enhancement District ("the District") conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the guidelines set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, *Audit of States and Local Governmental Units*. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, as applied unless they conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The following is a summary of certain significant accounting policies:

Nature of Operations. The District will contract to provide sewerage treatment, processing and recycling services to the City of Broussard, Louisiana.

Reporting Entity. As the governing entity for the City of Broussard, Louisiana, for reporting purposes, the City of Broussard is the financial reporting entity. The financial reporting entity consists of (a) the primary government (City), (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 Statement No. 14 established criteria for determining which component units should be considered part of the City of Broussard for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the City to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the City appoints the majority of the District's board members and has the ability to impose its will on the District, the District was determined to be a component of the City of Houston, 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 City, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Fund Accounting. The accounts of the Board are organized into one enterprise fund. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses.

Fixed Assets and Long-Term Liabilities. The enterprise fund is accounted for on a cost-of-services, or "capital-maintenance," measurement focus, and all assets and liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

Depreciation of all depreciable fixed assets used by the enterprise fund is charged as an expense against its operations, and accumulated depreciation is reported on its balance sheet. Depreciation has not been provided because the District's plant is still under construction.

All fund assets are stated at historical cost. Construction period interest, when significant, is capitalized. No interest costs were capitalized in the current year.

Cash. The District consists only cash on hand and its interest and noninterest-bearing checking accounts to be cash for purposes of the statement of cash flows.

Basis of Accounting. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The enterprise fund is accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned, and expenses are recognized when incurred.

Deposits and Investments. Investments are stated at cost. As of June 30, 2003, all of the District's bank deposits were insured by the FDIC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Under state law, the District may deposit funds in demand or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

The District may invest in bonds, debentures, notes and other evidences of indebtedness backed by the full faith and credit of the U. S. government or are issued or guaranteed by U. S. government instrumentalities which are federally sponsored. Certain collateral mortgage obligation derivatives, inverse floaters, and structured notes are prohibited.

Dollar Signs. All numeric data in the financial statements and accompanying notes are presented in U. S. dollars. Dollar signs have been omitted.

2. Summary of Property, Plant and Equipment

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation This Year</u>
Work in Progress-Land	317,100	-	317,100	-
Work in Progress-Other	200,100	_____	200,100	_____
	<u>517,200</u>	_____	<u>517,200</u>	_____

Additions to property, plant and equipment totaled 517,200 in 2003.

3. Retirement System

The District maintains no retirement system.

4. Due to Other Governments

This liability is the amount advanced to the District by the City of Bossard, Louisiana. No terms have been established for the obligation.

5. Board Member Compensation

The board is comprised of eight members. The members' compensation will be fixed by the governing body of the City of Bossard. Board member compensation totaled -0- during 2003.

6. Risk Management

The district is exposed to risks of loss in the areas of general liability and property hazards. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverages during the current fiscal year. Settlements have not exceeded insurance coverage during the three year period ended June 30, 2003.

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

Members of the Board of Directors
Broussard Environmental
Service and Enhancement District
Broussard, Louisiana

I have audited the general purpose financial statements of Broussard Environmental Service and Enhancement District, a component unit of the City of Broussard, as of and for the year ended June 30, 2003 and have issued my report thereon dated February 18, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether Broussard Environmental Service and Enhancement District's general purpose financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Broussard Environmental Service and Enhancement District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Broussard Environmental Service and Enhancement District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition noted is described in the accompanying schedule of audit findings as item 03-1.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL (CONTINUED)

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe reportable condition 03-1 is a material weakness.

Under Louisiana law, this report is a matter of public record.

This report is intended solely for the information and use of management, others within the organization, and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

February 18, 2004

**BROUSSARD ENVIRONMENTAL
SERVICE AND ENHANCEMENT DISTRICT**

**Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan
Year Ended June 30, 2003**

I. Prior Year Findings:

Compliance and Internal Control Over Financial Reporting

The year ended June 30, 2003 was Broussard Environmental Service and Enhancement District's inception year.

II. Current Year Findings and Management's Corrective Action Plan:

Compliance

There are no findings that are required to be reported under the above.

Internal Control Over Financial Reporting

Item 00-1 - Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, (accounting is provided by the City of Broussard, Louisiana) the District did not have adequate segregation of functions within the accounting system.

Management's corrective action plan:

Management has determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.