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*Financial Report*

*Lafourche Parish Drainage District No. 1*

*Galliano, Louisiana*

*December 31, 1997*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the architect, 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: 1/15/98

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December 31, 1997

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,  
Lafourche Parish Drainage District No. 1,  
Galliano, Louisiana.

We have audited the accompanying general-purpose financial statements of Lafourche Parish Drainage District No. 1, (the District), a component unit of the Lafourche Parish Council, State of Louisiana, as of and for the year ended (December 31), 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of the 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 Lafourche Parish Drainage District No. 1, as of December 31, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 1998 on our consideration of the Lafourche Parish Drainage District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Bourgeois Bennett, LLC.*

Certified Public Accountants

Thibodaux, La.,  
February 10, 1998.

**COMBINED BALANCE SHEET -  
GOVERNMENTAL FUND TYPES AND ACCOUNT GROUP**

**Lafourche Parish Drainage District No. 1**

December 31, 1997

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<b>ASSETS AND OTHER DEBITS</b>			
<b>Assets</b>			
Cash	\$ 177,899	\$ 47,456	\$ 82,993
Investments	399,000	-	-
Receivables - taxes	20,253	-	20,255
Due from other governmental units	54,989	-	40,683
<b>Other Debits</b>			
Amounts available in debt service fund	-	-	-
Amounts to be provided for retirement of general long-term debt	-	-	-
Total assets and other debits	<u>\$ 513,141</u>	<u>\$ 47,456</u>	<u>\$ 142,429</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenditures	\$ 1,526	-	-
Bonds payable	-	-	-
Total liabilities	<u>1,526</u>	-	-
<b>Equity</b>			
<b>Fund balances:</b>			
Reserved for debt service	-	\$ -	\$ 142,429
Unreserved	<u>511,615</u>	<u>47,456</u>	<u>-</u>
Total equity	<u>511,615</u>	<u>47,456</u>	<u>142,429</u>
Total liabilities and equity	<u>\$ 513,141</u>	<u>\$ 47,456</u>	<u>\$ 142,429</u>

See notes to financial statements.

<u>Account Group</u> General Long-Term Debt	<u>Total</u> (Memberships Only)
\$ -	\$ 267,448
-	300,900
-	40,500
-	95,072
142,429	142,429
<u>77,571</u>	<u>77,571</u>
<u>\$ 220,000</u>	<u>\$ 923,026</u>
\$ -	\$ 1,526
<u>220,000</u>	<u>220,000</u>
<u>220,000</u>	<u>221,526</u>
	<u>142,429</u>
	<u>559,071</u>
	<u>701,500</u>
<u>\$ 220,000</u>	<u>\$ 923,026</u>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES**

**Lafourche Parish Drainage District No. 1**

For the year ended December 31, 1997

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total (Miscellaneous Only)</u>
<b>Revenues</b>				
Taxes	\$ 64,848	\$ -	\$ 64,273	\$ 193,328
Intergovernmental				
State of Louisiana				
State revenue sharing	14,906	-	-	14,906
Miscellaneous - interest	<u>18,423</u>	<u>628</u>	<u>1,690</u>	<u>20,651</u>
Total revenues	<u>97,177</u>	<u>628</u>	<u>65,963</u>	<u>163,911</u>
<b>Expenditures</b>				
Current				
General government				
Ad valorem tax adjustments	1,663		3,450	5,113
Ad valorem tax deductions	<u>1,823</u>		<u>1,823</u>	<u>3,706</u>
Total general government	<u>3,486</u>		<u>5,273</u>	<u>8,819</u>
Public works				
Personnel services	12,399			12,399
Supplies and materials	445			445
Office services and charges	17,274			17,274
Repairs and maintenance	<u>31,385</u>			<u>31,385</u>
Total public works	<u>61,644</u>			<u>61,644</u>
Debt service				
Principal retirement			68,000	68,000
Interest and fiscal charges			<u>14,518</u>	<u>14,518</u>
Total debt service			<u>82,518</u>	<u>82,518</u>
Total expenditures	<u>65,130</u>		<u>87,791</u>	<u>152,921</u>
Excess (deficiency) of revenues over expenditures (carry forward)	<u>32,047</u>	<u>628</u>	<u>(19,828)</u>	<u>12,536</u>

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total (Memorandum Only)</u>
Excess (deficiency) of revenues over expenditures (carry forward)	32,193	628	(10,889)	21,932
<b>Other Financing Source</b> Proceed of general fixed asset dispositions	<u>0</u>	<u>14,600</u>	<u>0</u>	<u>14,600</u>
<b>Excess (Deficiency) of Revenues and Other Financing Source Over Expenditures</b>	32,193	15,228	(10,889)	36,532
<b>Fund Balances</b> Beginning of year	<u>479,418</u>	<u>32,368</u>	<u>182,518</u>	<u>694,304</u>
End of year	<u>\$ 511,611</u>	<u>\$ 47,596</u>	<u>\$ 171,629</u>	<u>\$ 730,836</u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
GOVERNMENTAL FUND TYPES**

**Lafourche Parish Drainage District No. 1**

For the year ended December 31, 1997

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Taxes	\$ 47,500	\$ 64,048	\$ 16,548
Intergovernmental:			
State of Louisiana:			
State revenue sharing	15,000	14,906	(94)
Miscellaneous:			
Interest	18,000	18,403	403
Other	1,800	-	(1,800)
Total revenues	<u>82,300</u>	<u>97,357</u>	<u>15,057</u>
<b>Expenditures</b>			
Current:			
General government:			
Ad valorem tax adjustments	100	1,665	(1,565)
Ad valorem tax delinquents	1,700	1,855	(155)
Total general government	<u>1,800</u>	<u>3,520</u>	<u>(1,716)</u>
Public works:			
Personal services	12,840	12,530	310
Supplies and materials	-	445	(445)
Other services and charges	14,760	17,274	(2,514)
Repairs and maintenance	31,900	31,395	505
Total public works	<u>59,500</u>	<u>61,644</u>	<u>(2,144)</u>
Total expenditures	<u>60,380</u>	<u>65,164</u>	<u>(4,784)</u>
Excess of revenues over expenditures	21,420	32,193	10,773
<b>Other Financing Sources</b>			
Proceeds of general fixed asset dispositions	-	-	-
<b>Excess of Revenues and Other Financing Sources Over Expenditures</b>	<u>\$ 21,420</u>	<u>32,193</u>	<u>\$ 10,773</u>
<b>Fund Balances</b>			
Beginning of year		479,418	
End of year		<u>\$ 511,611</u>	

See notes to financial statements.



Special Revenue Fund		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
375	628	253
-	-	-
<u>375</u>	<u>628</u>	<u>253</u>

375	628	253
<u>14,660</u>	<u>14,660</u>	<u>-</u>
<u>\$ 15,035</u>	<u>15,288</u>	<u>\$ 253</u>
	<u>32,168</u>	
	<u>\$ 47,456</u>	

**NOTES TO FINANCIAL STATEMENTS****Lafourche Parish Drainage District No. 1**

December 31, 1997

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Lafourche Parish Drainage District No. 1 (the District) conform to 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. The following is a summary of significant accounting policies:

**a) Reporting Entity**

The District is a component unit of the Lafourche Parish Council. The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

**b) Fund Accounting**

The District uses funds and an account group 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 related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, 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 available financial resources.

**Governmental Funds**

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Governmental Funds of the District:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting (Continued)

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**Account Group**

The General Long-Term Debt Account Group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures 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.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as an current asset. Ad valorem taxes and the related state revenue sharing (intergovernmental revenues) are considered "measurable" at the time of levy. Miscellaneous revenues are recorded as revenues when received in cash by the District or intermediary collecting agency because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Use of 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.

**e) Operating Budgetary Data**

As required by the Louisiana Revised Statute 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund and Special Revenue Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its General Fund and Special Revenue Fund budgets once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

Both the General Fund and Special Revenue Fund budgets are adopted on a basis materially consistent with generally accepted accounting principles.

**f) Bad Debts**

The financial statements for the District contain no allowance for bad debts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

**g) Investments**

Investments are stated at cost, which approximates market.

**h) Long-Term Debt**

The accounting and reporting treatment applied to the long-term debt associated with a fund is determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Long-Term Debt (Continued)**

Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Long-term debt expected to be financed from governmental funds is accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The Long-Term Debt Account Group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

**i) Vacation and Sick Leave**

The District has no full-time employees. There is no accumulated unpaid vacation and sick leave at December 31, 1997.

**j) Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the District.

**k) Memorandum Only - Total Column**

The total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position or results of operations in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

**Note 2 - DEPOSITS**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

**Note 3 - DEPOSITS (Continued)**

State law requires deposits (cash and certificates of deposits) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent, in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agents but not in the District's name and deposits which are uninsured or uncollateralized.

The year and bank balances and carrying amounts as shown on the combined balance sheet are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$100,000	\$ -	\$168,784	\$267,648
Investments:				
Certificates of deposit	_____	___	200,000	200,000
<b>Totals</b>	<b>\$100,000</b>	<b>\$___</b>	<b>\$168,784</b>	<b>\$567,448</b>

At December 31, 1997, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the depositor. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory

**Note 2 - DEPOSITS (Continued)**

requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Note 3 - PROPERTY TAXES**

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 1996. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 1997 was \$.70 per \$1,000 of assessed valuation on property within Drainage District No. 1 for the purpose of maintaining and operating drainage works within the District and \$.90 per \$1,000 of assessed valuation on property for the purpose of payment of general long-term debt principal, interest and related costs.

**Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at December 31, 1997 consisted of the following:

	General	Debt Service
State of Louisiana - State revenue sharing	\$14,906	\$ -
Lafourche Parish Tax Collector - December, 1997 collections remitted to the District in January, 1998:		
Ad valorem taxes	<u>40,083</u>	<u>40,083</u>
<b>Totals</b>	<b><u>\$54,989</u></b>	<b><u>\$40,083</u></b>

**Note 5 - FIXED ASSETS**

All fixed assets are purchased for the use of the Lafourche Parish Council and are considered property of the Council. The Lafourche Parish Council is responsible for all maintenance on these assets. Assets previously recorded in the District's records aggregating \$94,780 have been removed from the records in 1996.

**Note 6 - LONG-TERM DEBT**

At December 31, 1997, the District had an outstanding public improvement bond totaling \$220,000 which is repayable from ad valorem tax revenues.

The following is a summary of bond transactions of the District for the year ended December 31, 1997:

Bonds payable at January 1, 1997	\$288,000
Bonds retired	<u>68,000</u>
Bonds payable at December 31, 1997	<u>\$220,000</u>

Long-term debt is represented by the following individual issue:

<u>Public Improvement Bonds</u>	<u>Author- ized and Issued</u>	<u>Annual Installments</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Out- standing</u>
4/1/77	\$600,000	\$10,000-\$50,000	4.625-6.50	4/1/02	<u>\$220,000</u>

The annual requirements to amortize all long-term debt outstanding at December 31, 1997 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1998	\$ 40,000	\$10,860	\$ 50,860
1999	40,000	8,583	48,583
2000	45,000	6,160	51,160
2001	45,000	3,593	48,593
2002	<u>50,000</u>	<u>1,156</u>	<u>51,156</u>
<b>Totals</b>	<b><u>\$220,000</u></b>	<b><u>\$30,352</u></b>	<b><u>\$250,352</u></b>



**Note 7 - COMPENSATION OF BOARD MEMBERS**

The District did not pay per diem to any of its Board Members.

**SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**



**Ernst & Young**

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

To the Board of Commissioners,  
Lafourche Parish Drainage District No. 1,  
Galliano, Louisiana.

We have audited the general-purpose financial statements of the Lafourche Parish Drainage District No. 1 (the District), a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 1997, and have issued our report thereon dated February 10, 1998. 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 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 these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our 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 our audit, we considered the 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely

affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 97-1.

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 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. Our 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, of the reportable condition described above, we consider item 97-1 to be a material weakness.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountants

Thibodaux, La.,  
February 10, 1998.

## SCHEDULE OF FINDINGS

### Lafourche Parish Drainage District No. 1

For the year ended December 31, 1997

#### Section I Summary of Auditor's Results

##### a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(s) identified?   X   yes        no
- Reportable condition(s) identified that are not considered to be material weaknesses?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

##### b) Federal Awards

Lafourche Parish Drainage District No. 1 did not receive federal awards during the year ended December 31, 1997.

#### Section II Financial Statement Findings

97-1 **Criteria** - Internal controls should be in place that provides reasonable assurance that all transactions are being properly recorded in the accounting records.

**Condition** - All accounting functions of the District are performed by the Secretary/Treasurer. The Secretary/Treasurer also co-signs checks.

**Questioned Costs** - None

**Context** - Not applicable

**Effect** - Lack of segregation of duties.

**SCHEDULE OF FINDINGS**  
**(Continued)**

**Lafourche Parish Drainage District No. 1**

For the year ended December 31, 1997

**Section II Financial Statement Findings (Continued)**

97-1 (Continued)

**Cause - Secretary/Treasurer performs conflicting duties.**

**Recommendation - We recommend that a second board member be involved in the financial affairs of the District by co-signing checks, reviewing bank statements and cancelled checks and approving other significant financial matters.**

**Management's Response - The Secretary/Treasurer reports to the Board quarterly on all financial activities. All significant financial matters are approved by the Board prior to disbursement of funds.**

**Section III Federal Award Findings and Questioned Costs**

Not applicable.

**REPORTS BY MANAGEMENT**

## SCHEDULE OF PRIOR YEAR FINDINGS

### **Lafourche Parish Drainage District No. 1**

For the year ended December 31, 1997

#### **Section I Internal Control and Compliance Material to the General-Purpose Financial Statements**

##### **Internal Control**

96 - 1 **Recommendation** - We recommended that a second board member co-sign checks, receive the bank statements directly and review all cash transactions.

**Management's Response** - Unresolved, see finding 97-1 in the accompanying schedule of findings.

##### **Compliance**

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1996.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Lafourche Parish Drainage District No. 1 did not receive federal awards during the year ended December 31, 1996.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 1996.



## MANAGEMENT'S CORRECTIVE ACTION PLAN

### **Lafourche Parish Drainage District No. 1**

For the year ended December 31, 1997

#### **Section I Internal Control and Compliance Material to the General-Purpose Financial Statements**

##### **Internal Control**

**97 - 1 Recommendation** - We recommend that a second board member be involved in the financial affairs of the District by co-signing checks, reviewing bank statements and cancelled checks and approving other significant financial matters.

**Management's Corrective Action** - The Secretary/Treasurer reports to the Board quarterly on all financial activities. All significant financial matters are approved by the Board prior to disbursement of funds.

##### **Compliance**

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1997.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Lafourche Parish Drainage District No. 1 did not receive federal awards during the year ended December 31, 1997.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 1997.

## **COMMUNICATIONS LETTER**



Burgott & Bobbitt

## COMMUNICATIONS WITH BOARD OF COMMISSIONERS

To the Board of Commissioners,  
Lafourche Parish Drainage District No. 1,  
Galliano, Louisiana

We have audited the general-purpose financial statements of Lafourche Parish Drainage District No. 1 (the District) for the year ended December 31, 1997, and have issued our report thereon dated February 10, 1998. Professional standards require that we provide you with the following information related to our audit.

### **1) OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS**

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the general-purpose financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### **2) SIGNIFICANT ACCOUNTING POLICIES**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the general-purpose financial statements. No new accounting policies were adopted and the application of existing policies

2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

was not changed during 1997. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

3) ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the general-purpose financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the general-purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements relate to the collectibility of accounts receivable and valuation of accrued expenditures. We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole. Management has provided us with representations concerning estimates.

4) SIGNIFICANT AUDIT ADJUSTMENTS

We did not initiate any significant audit adjustments during our recent audit. Year end adjustments and closing entries were prepared and provided to management.

This information is intended solely for the use of the Board of Commissioners and management of Lafourche Parish Drainage District No. 1 and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

*Bougein Bennett, LLC.*

Certified Public Accountants.

Thibodaux, La.,  
February 10, 1998.