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**NORTH LAFOURCHE CONSERVATION,
LEVEE AND DRAINAGE DISTRICT
PARISH OF LAFOURCHE
STATE OF LOUISIANA**

**COMPONENT UNIT FINANCIAL REPORT,
INTERNAL CONTROL AND
COMPLIANCE REPORTS**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 MAR 29 2000

**NORTH LAFOURCHE CONSERVATION, LEVEE AND
DRAINAGE DISTRICT
PARISH OF LAFOURCHE
STATE OF LOUISIANA**

Component Unit Financial Statements
As of and for the Year Ended December 31, 1999

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Zahn and Kenney
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
North Lafourche Conservation, Levee
and Drainage District
Raceland, Louisiana

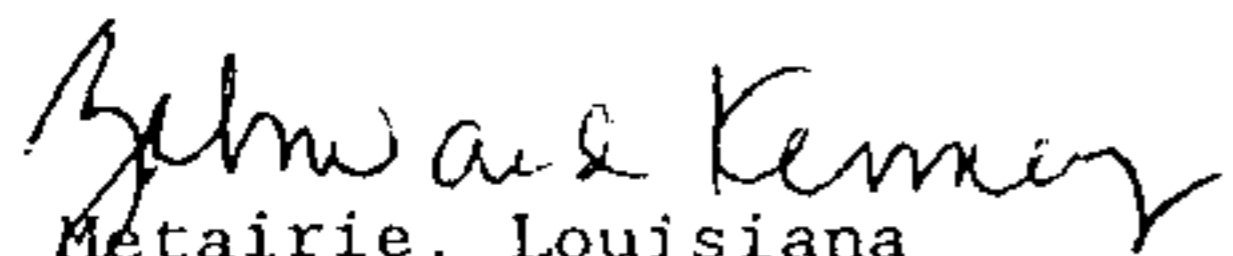
We have audited the accompanying component unit financial statements of the North Lafourche Conservation, Levee and Drainage District (District), a component unit of the State of Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these 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 component unit financial statements referred to above present fairly, in all material respects, the financial position of the District, as of December 31, 1999, 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 January 13, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the component unit financial statements taken as a whole. The accompanying schedule of per diem paid board members is presented for purposes of additional analysis and is not a required part of the component unit financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the component unit financial statements taken as a whole.


Metairie, Louisiana
January 13, 2000

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**NORTH LAFOURCHE CONSERVATION, LEVEE AND
DRAINAGE DISTRICT**

PARISH OF LAFOURCHE
STATE OF LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS

DECEMBER 31, 1999

ASSETS

	Governmental			Total (Memorandum only)
	<u>Fund Type</u>	<u>Account Groups</u>		
	General Fund	General Fixed Assets	Long- Term Debt	
Cash and cash equivalents	\$ 349,288	\$	\$	\$ 349,288
Certificates of deposit	858,015			858,015
Deposits	75			75
Taxes receivable - delinquent	126,139			126,139
Due from Sheriff	670,761			670,761
Amount to be provided for repayment of capital lease			179,883	179,883
Fixed assets	<u> </u>	<u>300,447</u>	<u> </u>	<u>300,447</u>
Total Assets	<u>\$2,004,278</u>	<u>\$300,447</u>	<u>\$179,883</u>	<u>\$2,484,608</u>

LIABILITIES AND FUND EQUITY

Liabilities:				
Accounts payable	\$ <u>4,499</u>	\$	\$	\$ <u>4,499</u>
Total Liabilities	4,499			4,499
Fund Equity:				
Investment in				
General Fixed Assets		300,447		300,447
Capital lease payable			179,883	179,883
Fund balance - unreserved	<u>1,999,779</u>	<u> </u>	<u> </u>	<u>1,999,779</u>
Total Fund Equity	<u>1,999,779</u>	<u>300,447</u>	<u>179,883</u>	<u>2,480,109</u>
Total Liabilities and Fund Equity	<u>\$2,004,278</u>	<u>\$300,447</u>	<u>\$179,883</u>	<u>\$2,484,608</u>

See notes to financial statements

**NORTH LAFOURCHE CONSERVATION, LEVEE AND
DRAINAGE DISTRICT**

PARISH OF LAFOURCHE
STATE OF LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

GOVERNMENTAL FUND TYPE - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 1999

REVENUES		
Ad valorem taxes		\$ 789,557
Use of money and property - interest earnings		53,056
Miscellaneous		<u>5,455</u>
Total Revenues		848,068
EXPENDITURES		
General government		279,877
Payments on capital lease:		
Principal payments		53,717
Interest payments		<u>13,081</u>
Total Expenditures		<u>346,675</u>
EXCESS OF EXPENDITURES OVER REVENUES		501,393
FUND BALANCE		
Beginning of year		<u>1,498,386</u>
End of year		<u>\$1,999,779</u>

See notes to financial statements

**NORTH LAFOURCHE CONSERVATION, LEVEE AND
DRAINAGE DISTRICT**

PARISH OF LAFOURCHE
STATE OF LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CASH BASIS

GOVERNMENTAL FUND TYPE - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Ad valorem taxes	\$ 270,000	\$ 300,829	\$ 30,829
Use of money and property - interest earnings	41,000	53,056	12,056
Miscellaneous	<u> </u>	<u>60,714</u>	<u>60,714</u>
Total Revenues	311,000	414,599	103,599
 EXPENDITURES			
Audit	1,700	1,850	(150)
Engineering	50,000	18,107	31,893
Insurance General	10,000	14,113	(4,113)
Interest Expense	13,115	13,131	(16)
Legal	20,000	34,334	(14,334)
License and Taxes	1,500	1,605	(105)
Miscellaneous Expense	5,000	20,384	(15,384)
Office Expense	1,500	1,216	284
Per Diem	14,000	12,375	1,625
Pension fund	8,900	9,117	(217)
Publications	600	4,069	(3,469)
Rent	3,600	3,600	-
Salary, Staff	5,000	4,475	525
Telephone	1,200	1,152	48
Travel / Mileage	<u> </u>	97	(97)
Utilities	450	307	143
Right-of-Way acquisitions	40,000	-	40,000
Fuel and oil - excavator	6,000	-	6,000
Capital projects:			
Equipment under capital lease	50,000	53,717	(3,717)
Levee maintenance	75,000	-	75,000
Planning/construction	<u>1,209,435</u>	<u>149,814</u>	<u>1,059,621</u>
Total Expenditures	1,517,000	343,463	1,173,537
 EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(1,206,000)	71,136	1,277,136
 FUND BALANCE			
Beginning of year	<u>1,206,000</u>	<u>1,133,221</u>	<u>(72,779)</u>
End of year	<u>\$ -0-</u>	<u>\$1,204,357</u>	<u>\$1,204,357</u>

See notes to financial statements

**NORTH LAFOURCHE CONSERVATION, LEVEE AND
DRAINAGE DISTRICT**

PARISH OF LAFOURCHE
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

The North Lafourche Conservation, Levee and Drainage District (District) was created by Revised Statute 38:291 (T) as a political subdivision of the State of Louisiana (the State) having the authority to incur debt, issue bonds and levy taxes. The District is under the direction of nine commissioners appointed by the Governor.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

B. Reporting Entity

GASB Codification Section 2100 has defined the governmental reporting entity to be the State. The District is considered a component unit of the State because the State exercises oversight responsibility in that the governor appoints the commissioners and public service is rendered within the state's boundaries. The accompanying financial statements present information only as to the transactions of the programs of the District, a component unit of the State.

C. Fund Accounting

The District uses funds and account groups 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. 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 available financial resources.

The General Fund is classified as a governmental fund and is the general operating fund of the District and accounts for all financial resources. Revenues are accounted for in this fund based upon the purpose for which they are to be spent and the means by which the spending activities are controlled. General operating expenditures are paid from this fund.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**D. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement of this fund presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the General Fund. The General Fund uses the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes, which are levied and due before the end of the year, are considered measurable and available and are therefor included in revenue for the year for which levied. All other revenues are recorded when received.

Expenditures

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

E. Budget Practices

The District adopted and submitted its budget on September 15, 1998 in accordance with LSA-R.S. 39:1302-1314. The adopted budget was prepared and reported on a cash basis of accounting. Formal budget integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements represent the final budget which was amended on December 16, 1999.

F. Cash and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits with initial maturity of ninety days or less. Under state law, the district may deposit funds within a fiscal agent bank organized under the laws of the State, the laws of any other state in the Union, or the laws of the United States. Furthermore, the District may invest in time certificates of deposit of state banks organized under the laws of the State, in national banks having their principal offices in Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state-chartered credit unions.

Under state law, the District may invest in United States bonds or treasury notes. The District had no investments at December 31, 1999.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**G. Encumbrances**

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

H. Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at historical cost. No depreciation has been provided on general fixed assets.

Long-term debt of governmental funds is carried in the general long-term debt account group. The District entered into a capital lease for the purchase of a piece of equipment during 1998.

Account groups are not funds. They are concerned only with the measurement of financial position, not with measurement of the results of operations.

I. Total Columns on Balance Sheet

The total column on the balance sheet is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE 2--AD VALOREM TAXES

Ad Valorem taxes are levied each December 1 on the assessed value listed as of the prior January 1 for all real property, merchandise, and moveable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at the 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, 1999 was \$12.00 per \$1,000 of assessed valuation of property for the purpose of maintaining and operating the facilities and programs.

NOTE 3--DUE FROM LAFOURCHE PARISH SHERIFF

The amounts due from Lafourche Parish Sheriff at December 31, 1999 consisted of December 1999 ad valorem tax collections to be remitted to the District in January 2000.

NOTE 4--CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance <u>1/01/99</u>	<u>Additions</u>	Balance <u>12/31/99</u>
Furniture, fixtures and office equipment	\$ 8,447	\$ -	\$ 8,447
Heavy equipment	<u>292,000</u>	<u>-</u>	<u>292,000</u>
Total	\$ <u>300,447</u>	\$ <u>-</u>	\$ <u>300,447</u>
Investments in General Fixed Assets	<u>\$300,447</u>	<u>\$ -</u>	<u>\$300,447</u>

There were no asset deletions during 1999.

NOTE 5--CASH BASIS BUDGET

The District prepares its budget on the cash basis and presents its financial statements on the modified accrual basis. This requires the following adjustments to convert its actual results to the cash basis for the presentation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Cash Basis (Page 5):

	Modified Accrual Basis	<u>Net Difference Between 12/31/98 and 12/31/99 in</u>		Cash Basis
		<u>Receivables</u>	<u>Payables</u>	
<u>REVENUES</u>				
Ad valorem tax	\$ 789,557	\$ (488,728)	\$ -	\$ 300,829
Interest income	53,056	-	-	53,056
Miscellaneous	<u>5,455</u>	<u>55,259</u>	<u>-</u>	<u>60,714</u>
Total Revenues	848,068	(433,469)	-	414,599
<u>EXPENDITURES</u>				
Audit	1,850	-	-	1,850
Engineering	18,107	-	-	18,107
Insurance	14,113	-	-	14,113
Interest	50	-	-	50
Legal	33,303	1,031	-	34,334
License and taxes	1,553	52	-	1,605
Miscellaneous	20,384	-	-	20,384
Office expense	1,216	-	-	1,216
Per diem	12,375	-	-	12,375
Pension fund	9,117	-	-	9,117
Legal publication	4,140	-	(71)	4,069
Rent	3,600	-	-	3,600
Salary, staff	4,475	-	-	4,475
Telephone	1,153	-	(1)	1,152
Travel	97	-	-	97
Utilities	307	-	-	307
Capital lease principal	53,717	-	-	53,717
Capital lease interest	13,081	-	-	13,081
Capital projects	<u>154,037</u>	<u>-</u>	<u>(4,223)</u>	<u>149,814</u>
Total expenditures	\$ <u>346,675</u>	\$ <u>1,083</u>	\$ <u>(4,295)</u>	\$ <u>343,463</u>

NOTE 6--CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

At December 31, 1999, the district has cash and cash equivalents totaling \$349,288 as follows:

Interest bearing demand deposits	\$291,823
Non-interest bearing demand deposits	<u>57,465</u>
Total	<u>\$349,288</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

In addition to the above listed cash and cash equivalents, at December 31, 1999, the District has \$858,015 in certificates of deposit which are not considered cash equivalents. These deposits are secured from risk by \$300,000 of federal deposit insurance and \$1,601,343 of pledged securities held by the custodial banks in the name of the fiscal agent banks (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 8--LEASES

The District rents office space under an annual lease arrangement which is renewed each December for the next year. The monthly rent is \$300 and the minimum payments due for the term of the lease is \$3,600. This amount is included as part of general government expenditures for 1999.

The District is obligated under a lease accounted for as a capital lease. The leased asset and related obligation are accounted for in the general fixed assets account group and the general long-term debt account group, respectively. The asset under the capital lease cost \$292,000 and is recorded at that amount. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of December 31, 1999.

Year Ending <u>December 31,</u>	General Long-Term <u>Debt Account Group</u>
2000	66,798
2001	66,799
2002	<u>66,799</u>
Minimum lease payments for capital leases	<u>\$200,396</u>
Less: Amount representing interest at the borrowing rate included in the lease	<u>20,511</u>
Present value of minimum lease payments	<u>\$179,883</u>

**NORTH LAFOURCHE CONSERVATION, LEVEE AND
DRAINAGE DISTRICT**

PARISH OF LAFOURCHE
STATE OF LOUISIANA

SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS

FOR THE YEAR ENDED DECEMBER 31, 1999

CARROLL CLEMENT	\$ 1,050
NELSON CONSTANT	1,650
DAN DUPLANTIS	1,500
PHILLIP PLAISANCE	-
RIDLEY CHAUVIN	1,500
AL ROBICHAUX	1,575
MICHAEL DELATTE	1,575
DENNIS MARTINEZ	1,650
STEVE ST. ROMAIN	<u>1,875</u>
TOTAL	\$ <u>12,375</u>

The Board members are paid \$75 for each Committee and Board meeting attended.

Zahn and Kenney
Certified Public Accountants

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

Board of Commissioners
North Lafourche Conservation, Levee and Drainage District
Raceland, Louisiana

We have audited the component unit financial statements of the North Lafourche Conservation, Levee and Drainage District (District), as of and for the year ended December 31, 1999 and have issued our report thereon dated January 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable for 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 component unit financial statements are free of material misstatement, we performed tests of the 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 no instances of noncompliance that is required to be reported under Government Auditing Standards.

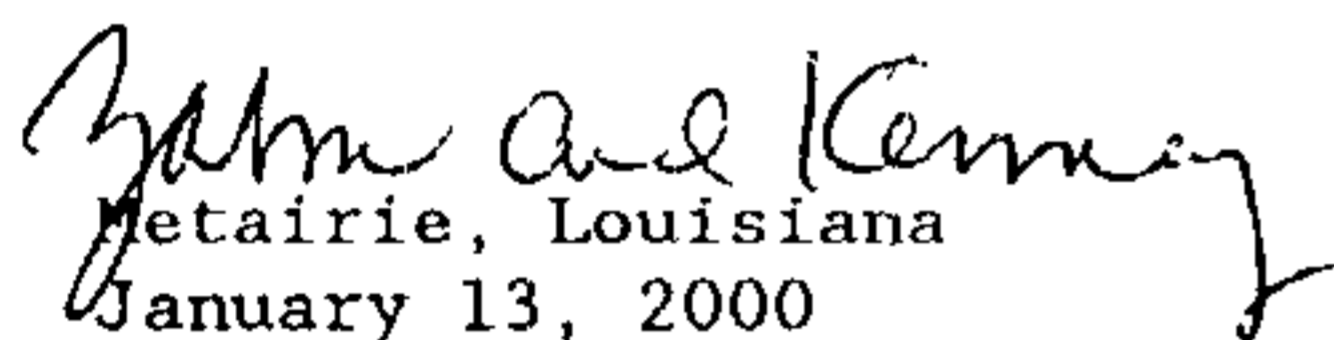
Internal Control Over Financial Reporting

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 component unit 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. A reportable condition involves a matter 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 component unit financial statements. We consider the following to be a reportable condition:

The District lacks adequate segregation of duties. This condition exists because the size of the District's operations limits its staff to one part-time person. This is a repeat finding from the prior year.

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 component unit 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, we believe that the reportable condition described above is a material weakness.

This report is intended for the information of the Board, management, and the Legislative Audit Advisory Committee. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Board, is a matter of public record.


Metairie, Louisiana
January 13, 2000

Summary of Prior Year Audit Findings

In our report dated January 26, 1999 we noted that the District lacked adequate segregation of duties due to the limited size of its staff. We considered this to be a material weakness in the District's internal controls. This condition continues to exist.