

**STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION,
LEVEE AND DRAINAGE DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2003**

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 6.2.04

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
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DECEMBER 31, 2003

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STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
TRANSMITTAL LETTER
ANNUAL FINANCIAL STATEMENTS

February 16, 2004

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, LA 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Sirs:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for the North Lafourche Conservation, Levee and Drainage District for the year ended December 31, 2003. The report includes only funds under the control and oversight of the North Lafourche Conservation, Levee and Drainage District.

The accompanying general purpose financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Sincerely,


President

Enclosure

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, LA 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Chris Bollinger, President of the North Lafourche Conservation, Levee and Drainage District, who duly sworn, deposes and says, that the financial statements herewith given presents fairly the financial position of North Lafourche Conservation, Levee and Drainage District at December 31, 2003 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.


President

Sworn to and subscribed before me, this 16 day of February, 2004.


NOTARY PUBLIC



HINES, JACKSON & HINES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the North Lafourche Conservation, Levee and Drainage District, a component unit of the State of Louisiana, as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of management of the North Lafourche Conservation, Levee and Drainage District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that 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 financial statements referred to above present fairly, in all material respects, the financial position of the North Lafourche Conservation, Levee and Drainage District as of December 31, 2003, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 16, 2004, on our consideration of the North Lafourche Conservation, Levee and Drainage District's internal control over financial reporting and our 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 our audit.

The Management's Discussion and Analysis and the budgetary information on pages 5 through 9 and 23, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Lafourche Conservation, Levee and Drainage District's basic financial statements. The accompanying supplemental schedules and the Division of Administration reporting package listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Page #2

The financial information for the year ended December 31, 2002, which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion dated March 24, 2003, on the basic financial statements of the North Lafourche Conservation, Levee and Drainage District.

Hines, Jackson & Hines

Natchitoches, Louisiana

February 16, 2004

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
MANAGEMENT'S DISCUSSION, AND ANALYSIS
DECEMBER 31, 2003

The Management's Discussion and Analysis of the North Lafourche Conservation, Levee, and Drainage District's financial performance presents a narrative overview and analysis of North Lafourche Conservation, Levee, and Drainage District's financial activities for the year ended December 31, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the transmittal letter presented on page 1 and the North Lafourche Conservation, Levee, and Drainage District's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- 1) The North Lafourche Conservation, Levee and Drainage District had cash and investments of \$1,836,060 at December 31, 2003 which represents a decrease of \$530,896 from prior year end.
- 2) The North Lafourche Conservation, Levee and Drainage District had accounts receivable of \$980,967 at December 31, 2003 which represents an increase of \$65,429 from prior year end.
- 3) The North Lafourche Conservation, Levee and Drainage District had accounts payable and accruals of \$313,627 at December 31, 2003 which represents an increase of \$291,960 from prior year end.
- 4) The North Lafourche Conservation, Levee and Drainage District had total revenues of \$3,097,133 for the year ended December 31, 2003 which represents an increase of \$2,133,799 from prior year.
- 5) The North Lafourche Conservation, Levee and Drainage District had property tax revenues of \$945,112 for the year ended December 31, 2003 which represents an increase of \$38,129 from prior year.
- 6) The North Lafourche Conservation, Levee and Drainage District had personal services expenses of \$18,579 for the year ended December 31, 2003 which represents a decrease of \$8,867 from prior year.
- 7) The North Lafourche Conservation, Levee and Drainage District had operating services expenses of \$920,483 for the year ended December 31, 2003 which represents an increase of \$863,591 from prior year.
- 8) The North Lafourche Conservation, Levee and Drainage District had capital asset purchases of \$2,809,943 for the year ended December 31, 2003 which represents an increase of \$2,632,170 from prior year.
- 9) The North Lafourche Conservation, Levee and Drainage District had debt services payments of \$0 for the year ended December 31, 2003 which represents a decrease of \$66,799 from prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the North Lafourche Conservation, Levee, and Drainage District as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information
(Other than MD&A)

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

This annual report consist of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 10 and 11) provide information about the activities of the North Lafourche Conservation, Levee and Drainage District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities report the District's net assets and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

Fund financial statements start on page 12. All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's activities as well as what remains for future spending.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
As of Year End

	<u>2003</u>	<u>2002</u>
Current and other assets	\$ 2,817,102	\$ 3,282,569
Capital assets, net	<u>3,085,982</u>	<u>318,715</u>
Total Assets	<u>\$ 5,903,084</u>	<u>\$ 3,601,284</u>
Other liabilities	\$ 313,627	\$ 21,667
Long-term debt outstanding	<u>0</u>	<u>0</u>
Total Liabilities	313,627	21,667
Net assets:		
Investment in capital assets, net of related debt	3,085,982	318,715
Unrestricted	<u>2,503,475</u>	<u>3,260,902</u>
Total Net Assets	<u>5,589,457</u>	<u>3,579,617</u>
Total Liabilities and Net Assets	<u>\$ 5,903,084</u>	<u>\$ 3,601,284</u>

Net assets of the North Lafourche Conservation, Levee and Drainage District's increased by \$2,009,840 or 56.15% from the previous fiscal year. The increase is the result of operating and non-operating revenues exceeding expenses during the fiscal year ended 2003 (See table below).

Statement of Activities
For the Year Ended

	<u>2003</u>	<u>2002</u>
General government Expenses	\$ (1,087,293)	\$ (337,673)
Program revenues		
Operating grants and contributions	529,133	2,615
Capital grants and contributions	<u>1,596,832</u>	<u>0</u>
Subtotal	1,038,672	(335,058)
General revenues	<u>971,168</u>	<u>960,719</u>
Change in net assets	<u>\$ 2,009,840</u>	<u>\$ 625,661</u>

The North Lafourche Conservation, Levee and Drainage District's total revenues increased by \$2,133,799 or 221.50% from the previous year. The total cost of all programs and services increased by \$749,620 or 222.0% from the previous year.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2003, the North Lafourche Conservation, Levee and Drainage District had \$3,085,982, net of depreciation, invested in a broad range of capital assets (See table below). This amount represents a net increase (including additions and deductions) of \$2,767,267 or 868.26% from the previous year.

Capital Assets at Year End
(Net of Depreciation)

	2003	2002
Land	\$ 218,873	\$ 218,873
Construction in progress	2,809,093	0
Building improvements	464	717
Machinery and equipment	57,552	99,125
Total	\$ 3,085,982	\$ 318,715

This year's major additions included:

Construction in progress	\$2,809,093
Machinery and equipment	\$ 850

This year's major retirements included:

Machinery and equipment	\$ 4,848
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Debt

The North Lafourche Conservation, Levee and Drainage District had \$0 in capital lease obligations outstanding at year end compared to \$0 at the previous year end, a decrease of \$0 or 0.0% as shown in the table below.

Outstanding Debt at Year End

	2003	2002
Capital lease obligations	\$ 0	\$ 0
Totals	\$ 0	\$ 0

New debt during the year included:

None.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were \$2,187,133 more than budgeted amounts due to an increase in intergovernmental revenues.

Actual expenditures were \$544,560 more than budgeted amounts due to operating services being more than expected.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The North Lafourche Conservation, Levee and Drainage District's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- 1) Ad valorem taxes
- 2) Interest income
- 3) Projects under consideration
- 4) Intergovernmental revenues (reimbursements from parish council and/or state grants)

The North Lafourche Conservation, Levee and Drainage District does not expect any significant changes in next year's results as compared to the current year.

CONTACTING THE NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the North Lafourche Conservation, Levee and Drainage District's finances and to show the North Lafourche Conservation, Levee and Drainage District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Chris Bollinger, president, Post Office Drawer 230, Raceland, Louisiana 70394.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 838,629	\$ 1,384,461
Investments	997,431	982,495
Accounts receivable	<u>980,967</u>	<u>915,538</u>
Total Current Assets	2,817,027	3,282,494
Noncurrent Assets		
Capital assets, net	3,085,982	318,715
Other Assets		
	<u>75</u>	<u>75</u>
Total Assets	<u>\$ 5,903,084</u>	<u>\$ 3,601,284</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Current portion of capital lease obligation	\$ 0	\$ 0
Accounts payable	<u>313,627</u>	<u>21,667</u>
Total Current Liabilities	313,627	21,667
Noncurrent Liabilities		
Capital lease obligation, net of current portion	<u>0</u>	<u>0</u>
Total Liabilities	313,627	21,667
NET ASSETS		
Investment in capital assets, net of related debt	3,085,982	318,715
Unrestricted	<u>2,503,475</u>	<u>3,260,902</u>
Total Net Assets	<u>5,589,457</u>	<u>3,579,617</u>
Total Liabilities and Net Assets	<u>\$ 5,903,084</u>	<u>\$ 3,601,284</u>

The accompanying notes are an integral part of this statement.

EXHIBIT B

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003			2002		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets	Revenue and Changes in Net Assets
General Government						
Personal services	\$ 18,579	\$ 0	\$ 0	\$ 0	\$ (18,579)	\$ (27,446)
Travel	91	0	0	0	(91)	(81)
Operating services	920,483	0	529,133	0	(391,350)	(54,277)
Professional services	105,464	0	0	0	(105,464)	(210,356)
Depreciation	42,676	0	0	1,596,832	1,554,156	(42,898)
Total General Government	<u>\$ 1,087,293</u>	<u>\$ 0</u>	<u>\$ 529,133</u>	<u>\$ 1,596,832</u>	<u>1,038,672</u>	<u>(335,058)</u>
General Revenues:						
Taxes					945,112	906,983
Interest income					25,860	53,734
Other revenues					196	2
Total General Revenues					<u>971,168</u>	<u>960,719</u>
Change in Net Assets					2,009,840	625,661
Net Assets, Beginning of year					<u>3,579,617</u>	<u>2,953,956</u>
Net Assets, End of year					<u>\$ 5,589,457</u>	<u>\$ 3,579,617</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
BALANCE SHEET
DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
ASSETS		
Cash and cash equivalents	\$ 838,629	\$ 1,384,461
Investments	997,431	982,495
Accounts receivable	980,967	915,538
Other assets	<u>75</u>	<u>75</u>
Total Assets	<u>\$ 2,817,102</u>	<u>\$ 3,282,569</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 313,627	\$ 21,667
Total Liabilities	<u>313,627</u>	<u>21,667</u>
FUND BALANCES		
Unreserved	<u>2,503,475</u>	<u>3,260,902</u>
Total Fund Balances	<u>2,503,475</u>	<u>3,260,902</u>
Total Liabilities and Fund Balances	<u>\$ 2,817,102</u>	<u>\$ 3,282,569</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2003

Total Fund Balances for Governmental Funds (Exhibit C) \$ 2,503,475

Total Net Assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 218,873	
Construction in progress	2,809,093	
Building improvements, net of \$2,066 in accumulated depreciation	464	
Machinery and equipment, net of \$239,770 in accumulated depreciation	<u>\$ 57,552</u>	
Total Capital Assets		3,085,982

Long-term liabilities, including capital lease obligations, are not due and payable in the current period and therefore are not reported in the fund liabilities.

0

Total Net Assets of Governmental Activities (Exhibit A) \$ 5,589,457

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002
REVENUES		
Taxes	\$ 945,112	\$ 906,983
Intergovernmental revenues	2,125,965	2,615
Interest income	25,860	53,734
Other revenues	196	2
Total Revenues	3,097,133	963,334
EXPENDITURES		
General government		
Personal services	18,579	27,446
Travel	91	81
Operating services	920,483	53,350
Professional services	105,464	210,356
Capital Outlay	2,809,943	177,773
Debt Service		
Principal payments	0	63,256
Interest payments	0	3,542
Total Expenditures	3,854,560	535,804
Excess/(Deficiency) Of Revenues Over Expenditures	(757,427)	427,530
Fund Balance, Beginning of year	3,260,902	2,833,372
Fund Balance, End of year	\$ 2,503,475	\$ 3,260,902

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

Net Change in Fund Balances-Total Governmental Funds (Exhibit E) \$ (757,427)

The change in Net Assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$2,809,943) exceeds depreciation (\$42,676) in the current period. 2,767,267

Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability 0

Change in Net Assets of Governmental Activities (Exhibit B) \$ 2,009,840

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

The North Lafourche Conservation, Levee and Drainage District was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:291 (T). The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana statute. The nine members of the Board of Commissioners which governs the District are appointed by the governor of the State of Louisiana.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the North Lafourche Conservation, Levee and Drainage District present information only as to the transactions of the programs of the North Lafourche Conservation, Levee and Drainage District as authorized by Louisiana statutes and administrative regulations.

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

The accounts of the North Lafourche Conservation, Levee and Drainage District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration-Office of Statewide Reporting and Accounting Policy as Follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The District prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The District amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

State appropriations made for the operations of the various programs of the North Lafourche Conservation, Levee and Drainage District are annual lapsing appropriations.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Budgetary Accounting (Continued)

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

Original Approved Budget	\$	0
Amendments		0
Final Approved Budget	<u>\$</u>	<u>0</u>

C. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the District defines cash and cash equivalents as follows:

Cash-includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents -includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than 90 days qualify under this definition.

D. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

E. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2003, \$0 were considered to be uncollectible.

F. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the District are charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 20 years for building improvements and 3 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Compensated Absences

The District has no full time employees; Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions including savings, demand deposits, time deposits, and certificates of deposit. Under state law the North Lafourche Conservation, Levee and Drainage District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of 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.

Deposits in bank accounts 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 bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer. The deposits at December 31, 2003 were secured as follows:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ 838,629	\$ 997,431	\$ 1,836,060
Bank Balances:			
1. Insured or collateralized with securities held by the entity or its agency in the entity's name	\$ 155,004	\$ 200,000	\$ 355,004
2. Collateralized with securities held by the pledging institution's trust department or agent in the entity's name	683,831	797,431	1,481,262
3. Uncollateralized, including any securities held for the entity but not in entity's name	<u>0</u>	<u>0</u>	<u>0</u>
Total Bank Balances	<u>\$ 838,835</u>	<u>\$ 997,431</u>	<u>\$ 1,836,266</u>

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

The following is a breakdown by banking institution and amount of the balances shown above:

<u>Banking Institution</u>	<u>Amount</u>
Bank One	\$ 783,831
Community Bank	506,094
Hibernia Nation Bank	546,341
Total	<u>\$ 1,836,266</u>

B. Investments

At December 31, 2003, the North Lafourche Conservation, Levee and Drainage District had investments of \$0.

NOTE 3 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at December 31, 2003:

<u>Class of Receivable</u>	
Ad Valorem Taxes	\$ 962,341
Interest	7,073
Other	11,553
Total	<u>\$ 980,967</u>

NOTE 4 CAPITAL ASSETS

A summary of the North Lafourche Conservation, Levee and Drainage District's capital assets at December 31, 2003 follows:

	<u>Balance December 31, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2003</u>
Capital Assets, not being depreciated				
Land	\$ 218,873	\$ 0	\$ 0	\$ 218,873
Construction in progress	0	2,809,093	0	2,809,093
Total Capital Assets, not being depreciated	218,873	2,809,093	0	3,027,966
Capital Assets, being depreciated				
Buildings and building improvements	2,530	0	0	2,530
Less accumulated depreciation	(1,813)	(253)	0	(2,066)
Total Buildings and building improvements	717	(253)	0	464
Machinery and equipment	301,320	850	(4,848)	297,322
Less accumulated depreciation:	(202,195)	(42,423)	4,848	(239,770)
Total Automobiles and equipment	99,125	(41,573)	0	57,552
Total Capital Assets, being depreciated	99,842	(41,826)	0	58,016
Total Capital Assets, net	<u>\$ 318,715</u>	<u>\$ 2,767,267</u>	<u>\$ 0</u>	<u>\$ 3,085,982</u>

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 5 ACCOUNTS PAYABLE

The following is a summary of accounts payable at December 31, 2003:

<u>Class of Payable</u>		
Vendor	\$	313,627
Other		<u>0</u>
Total		<u>\$ 313,627</u>

NOTE 6 INTERGOVERNMENTAL REVENUES

The Lafourche Parish Council reimbursed the North Lafourche Conservation, Levee and Drainage District \$19,838 for special projects during the year ended December 31, 2003.

The U. S. Army Corps of Engineers reimburses the District for ongoing projects which are sponsored by the North Lafourche Conservation, Levee and Drainage District. The reimbursement for expenses for the year ended December 31, 2003 was \$509,295.

The Louisiana Department of Transportation and Development reimbursed the North Lafourche Conservation, Levee and Drainage District \$1,596,832 for special capital projects during the year ended December 31, 2003.

NOTE 7 RETIREMENT SYSTEM

All employees of the North Lafourche Conservation, Levee and Drainage District are covered by the Social Security System. Employees contribute 6.2 percent of their total salary to the System, while the District contributes a like amount. For the year ended December 31, 2003, total contributions to the System were \$2,102 of which the District contributed \$1,051 and employees contributed \$1,051. Total payroll for the year ended December 31, 2003 was \$16,951 and total payroll covered by the System was \$16,951. Any future deficits in this System will be financed by the United States Government. The District has no further liability to the System for the ended December 31, 2003.

NOTE 8 LEASE OBLIGATIONS

The North Lafourche Conservation, Levee and Drainage District rents office space under an annual operating lease arrangement that is renewed each December for the following year. The rent is \$300 per month and the minimum payments due for the term of the lease is \$3,600. This amount is included in operating services for 2003.

The North Lafourche Conservation, Levee and Drainage District was not obligated under any capital leases agreements at December 31, 2003.

NOTE 9 LITIGATION

The North Lafourche Conservation, Levee and Drainage District is involved in one lawsuit as of the close of business on December 31, 2003. Although the outcome of this lawsuit is not determinable at this stage of the proceedings, the potential losses not covered by applicable insurance is not considered to be significant in relation to the District's overall financial condition.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 10 RISK MANAGEMENT

The North Lafourche Conservation, Levee and Drainage District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF LOUISIANA
 NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

	Original/Final Budget	Actual	Variance Fav./Unfav.)
REVENUES			
Taxes	\$ 845,000	\$ 945,112	\$ 100,112
Intergovernmental revenues	0	2,125,965	2,125,965
Interest income	65,000	25,860	(39,140)
Other revenues	0	196	196
Total Revenues	<u>910,000</u>	<u>3,097,133</u>	<u>2,187,133</u>
EXPENDITURES			
General government			
Personal services	95,800	18,579	77,221
Travel	500	91	409
Operating services	81,100	920,483	(839,383)
Professional services	262,000	105,464	156,536
Capital Outlay	<u>2,870,600</u>	<u>2,809,943</u>	<u>60,657</u>
Total Expenditures	<u>3,310,000</u>	<u>3,854,560</u>	<u>(544,560)</u>
Excess/(Deficiency) Of Revenues Over Expenditures	(2,400,000)	(757,427)	1,642,573
Fund Balance, Beginning of year	<u>3,260,902</u>	<u>3,260,902</u>	<u>0</u>
Fund Balance, End of year	<u>\$ 860,902</u>	<u>\$ 2,503,475</u>	<u>\$ 1,642,573</u>

OTHER SUPPLEMENTARY INFORMATION

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Commissioners</u>	
Ronald Adams	\$ 0
Chris Bollinger	1,200
Richard Champagne	900
Ridley Chauvin	1,125
Carroll Clement	750
Nelson Constant	750
Michael Delatte	1,200
Dan Duplantis	900
Dennis Martinez	<u>825</u>
Total	<u>\$ 7,650</u>

The schedule of compensation paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personal services expenditures of the general fund. Board members are paid \$75 per day to a maximum of 36 days per year for board meetings and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
SCHEDULE OF STATE FUNDING
DECEMBER 31, 2003

DESCRIPTION OF FUNDING

State Revenue Sharing	\$	0
Department of Transportation and Development		<u>1,596,832</u>
Total	\$	<u>1,596,832</u>

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

SECTION #1

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

1.	Type of auditors' report issued.	Unqualified
2.	Internal control over financial reporting:	
	a) Material weaknesses identified?	None
	b) Reportable conditions identified not considered to be material weaknesses?	None
	c) Noncompliance material to the financial statements noted?	None

SECTION #2

FINANCIAL STATEMENT FINDINGS

None reported.

HINES, JACKSON & HINES, L.L.C.

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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 AUDITING STANDARDS

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

We have audited the basic financial statements of the North Lafourche Conservation, Levee and Drainage District, a component unit of the State of Louisiana, as of and for the year ended December 31, 2003, and have issued our report thereon dated February 16, 2004. We conducted our 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 the North Lafourche Conservation, Levee and Drainage District's 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 one instance of noncompliance that is required to be reported under Government Auditing Standards. A description of the finding can be found in findings 2003-01 of the accompanying Corrective Action Plan For Current Year Audit Findings, Schedule 6.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the North Lafourche Conservation, Levee and Drainage District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 might 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 misstatement 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the North Lafourche Conservation, Levee and Drainage District and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hines, Jackson & Hines

Natchitoches, Louisiana
February 16, 2004

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
2003-01	Actual expenditures for the District were \$544,560 (16.45 percent) more than budgeted amounts in 2003.	The District will closely monitor its budget and make amendments to it as necessary to accurately reflect expected revenues and expenditures and to satisfy legal requirements.	Chris Bollinger President	03/31/2004

HINES, JACKSON & HINES, L.L.C.

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

We are writing this letter as a follow-up to our recent audit of the basic financial statements of the North Lafourche Conservation, Levee and Drainage District, Raceland, Louisiana, as of December 31, 2003, and for the year then ended. We offer the following observations and recommendations, which are intended to help improve compliance, record keeping procedures and general operations of the District and are intended to be constructive in nature:

Existing Conditions:

We noted that actual expenditures for the District were \$544,560 (16.45 percent) more than budgeted amounts in 2003.

LSA-R.S. 39:1310 requires the District to amend its budget whenever actual revenues and expenditures are projected to be less than or exceed budgeted amounts by more than five percent.

Recommended Action:

We suggest the District's adopted budget be closely monitored and amended whenever there has been a change in operations upon which the original adopted budget was developed. Care should be exercised to maintain actual revenues and expenditures within the five percent limit established by statute.

Management's Response:

The District will closely monitor its budget and make amendments to it as necessary to accurately reflect expected revenues and expenditures and to satisfy legal requirements.

These comments and recommendations are not all inclusive and are not intended to be critical of anyone. We would like to thank the District's management and staff for their courtesy and cooperation during our engagement. If you have any questions or concerns, please let us know.

Hines, Jackson & Hines

Natchitoches, Louisiana

February 16, 2004

**DIVISION OF ADMINISTRATION
REPORTING PACKAGE**

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 838,629	\$ 1,384,461
Investments	997,431	982,495
Accounts receivable	<u>980,967</u>	<u>915,538</u>
Total Current Assets	2,817,027	3,282,494
Noncurrent Assets		
Capital assets, net	3,085,982	318,715
Other Assets		
	<u>75</u>	<u>75</u>
Total Assets	<u>\$ 5,903,084</u>	<u>\$ 3,601,284</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Current portion of capital lease obligation	\$ 0	\$ 0
Accounts payable	<u>313,627</u>	<u>21,667</u>
Total Current Liabilities	313,627	21,667
Noncurrent Liabilities		
Capital lease obligation, net of current portion	<u>0</u>	<u>0</u>
Total Liabilities	313,627	21,667
NET ASSETS		
Investment in capital assets, net of related debt	3,085,982	318,715
Unrestricted	<u>2,503,475</u>	<u>3,260,902</u>
Total Net Assets	<u>5,589,457</u>	<u>3,579,617</u>
 Total Liabilities and Net Assets	 <u>\$ 5,903,084</u>	 <u>\$ 3,601,284</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
OPERATING REVENUES		
Operating grants and contributions	\$ 2,125,965	\$ 2,615
Total Operating Revenues	2,125,965	2,615
OPERATING EXPENDITURES		
Personal services	18,579	27,446
Travel	91	81
Operating services	920,483	53,350
Professional services	105,464	210,356
Depreciation	42,676	42,898
Total Operating Expenditures	<u>1,087,293</u>	<u>334,131</u>
Operating Income/(Loss)	1,038,672	(331,516)
NONOPERATING REVENUES/(EXPENSES)		
Taxes	945,112	906,983
Interest income	25,860	53,734
Other revenues	196	2
Interest expense	0	(3,542)
Total Nonoperating Revenues/(Expenses)	<u>971,168</u>	<u>957,177</u>
Change in Net Assets	2,009,840	625,661
Total Net Assets, Beginning of year	<u>3,579,617</u>	<u>2,953,956</u>
Total Net Assets, End of year	<u>\$ 5,589,457</u>	<u>\$ 3,579,617</u>

The accompanying notes are an integral part of this statement.

EXHIBIT I

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003			2002
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
North Lafourche Conservation, Levee and Drainage District	\$ <u>1,087,293</u>	\$ <u>0</u>	\$ <u>1,596,832</u>	\$ (335,058)
General Revenues:				
Taxes				906,983
Interest income				53,734
Other revenues				<u>2</u>
Total General Revenues				<u>960,719</u>
Change in Net Assets			2,009,840	625,661
Net Assets, Beginning of year			<u>3,579,617</u>	<u>2,953,956</u>
Net Assets, End of year			<u>\$ 5,589,457</u>	<u>\$ 3,579,617</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Cash Flows From Operating Activities		
Cash payments to suppliers for goods and services	\$ (1,041,549)	\$ (247,161)
Cash payments to employees and board members for services	(18,579)	(27,446)
Other operating revenues/(expenses)	<u>2,114,412</u>	<u>2,615</u>
Net Cash From Operating Activities	1,054,284	(271,992)
Cash Flows From Non-Capital Financing Activities		
Cash receipts of taxes	885,047	857,304
Other receipts	<u>196</u>	<u>0</u>
Net Cash From Non-Capital Financing Activities	885,243	857,304
Cash Flows From Capital and Related Financing Activities		
Payment of capital leases	0	(63,256)
Acquisition/construction of capital assets	(2,502,473)	(177,773)
Interest paid	<u>0</u>	<u>(3,542)</u>
Net Cash From Capital and Related Financing Activities	(2,502,473)	(244,571)
Cash Flows From Investing Activities		
Purchase of investments	(14,936)	(25,580)
Interest income	<u>32,050</u>	<u>57,205</u>
Cash Flows From Investing Activities	<u>17,114</u>	<u>31,625</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(545,832)	372,366
Cash and Cash Equivalents, Beginning of year	<u>1,384,461</u>	<u>1,012,095</u>
Cash and Cash Equivalents, End of year	<u>\$ 838,629</u>	<u>\$ 1,384,461</u>
	<u>2003</u>	<u>2002</u>
Reconciliation of Operating Loss to Net Cash From Operating Activities		
Operating income/(loss)	\$ 1,038,672	\$ (335,058)
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation expense	42,676	42,898
(Increase)/decrease in operating assets		
Accounts receivable	(11,553)	0
Increase/(decrease) in operating liabilities		
Accounts payable	<u>(15,511)</u>	<u>20,168</u>
Net Cash Flows From Operating Activities	<u>\$ 1,054,284</u>	<u>\$ (271,992)</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

The North Lafourche Conservation, Levee and Drainage District was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:291 (T). The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana statute. The nine members of the Board of Commissioners which governs the District are appointed by the governor of the State of Louisiana.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the North Lafourche Conservation, Levee and Drainage District present information only as to the transactions of the programs of the North Lafourche Conservation, Levee and Drainage District as authorized by Louisiana statutes and administrative regulations.

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

The accounts of the North Lafourche Conservation, Levee and Drainage District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration-Office of Statewide Reporting and Accounting Policy as Follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The District prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The District amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

State appropriations made for the operations of the various programs of the North Lafourche Conservation, Levee and Drainage District are annual lapsing appropriations.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Budgetary Accounting (Continued)

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

Original Approved Budget	\$	0
Amendments		0
Final Approved Budget	\$	<u>0</u>

C. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the District defines cash and cash equivalents as follows:

Cash-includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents -includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than 90 days qualify under this definition.

D. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

E. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2003, \$0 were considered to be uncollectible.

F. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the District are charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 20 years for building improvements and 3 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Compensated Absences

The District has no full time employees; Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions including savings, demand deposits, time deposits, and certificates of deposit. Under state law the North Lafourche Conservation, Levee and Drainage District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of 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.

Deposits in bank accounts 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 bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer. The deposits at December 31, 2003 were secured as follows:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ 838,629	\$ 997,431	\$ 1,836,060
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Bank Balances:			
1. Insured or collateralized with securities held by the entity or its agency in the entity's name	\$ 155,004	\$ 200,000	\$ 355,004
2. Collateralized with securities held by the pledging institution's trust department or agent in the entity's name	683,831	797,431	1,481,262
3. Uncollateralized, including any securities held for the entity but not in entity's name	<u>0</u>	<u>0</u>	<u>0</u>
Total Bank Balances	<u>\$ 838,835</u>	<u>\$ 997,431</u>	<u>\$ 1,836,266</u>

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

The following is a breakdown by banking institution and amount of the balances shown above:

<u>Banking Institution</u>	<u>Amount</u>
Bank One	\$ 783,831
Community Bank	506,094
Hibernia Nation Bank	546,341
Total	<u>\$ 1,836,266</u>

B. Investments

At December 31, 2003, the North Lafourche Conservation, Levee and Drainage District had investments of \$0.

NOTE 3 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at December 31, 2003:

<u>Class of Receivable</u>	
Ad Valorem Taxes	\$ 962,341
Interest	7,073
Other	11,553
Total	<u>\$ 980,967</u>

NOTE 4 CAPITAL ASSETS

A summary of the North Lafourche Conservation, Levee and Drainage District's capital assets at December 31, 2003 follows:

	<u>Balance December 31, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2003</u>
Capital Assets, not being depreciated				
Land	\$ 218,873	\$ 0	\$ 0	\$ 218,873
Construction in progress	<u>0</u>	<u>2,809,093</u>	<u>0</u>	<u>2,809,093</u>
Total Capital Assets, not being depreciated	218,873	2,809,093	0	3,027,966
Capital Assets, being depreciated				
Buildings and building improvements	2,530	0	0	2,530
Less accumulated depreciation	<u>(1,813)</u>	<u>(253)</u>	<u>0</u>	<u>(2,066)</u>
Total Buildings and building improvements	717	(253)	0	464
Machinery and equipment	301,320	850	(4,848)	297,322
Less accumulated depreciation:	<u>(202,195)</u>	<u>(42,423)</u>	<u>4,848</u>	<u>(239,770)</u>
Total Automobiles and equipment	<u>99,125</u>	<u>(41,573)</u>	<u>0</u>	<u>57,552</u>
Total Capital Assets, being depreciated	<u>99,842</u>	<u>(41,826)</u>	<u>0</u>	<u>58,016</u>
Total Capital Assets, net	<u>\$ 318,715</u>	<u>\$ 2,767,267</u>	<u>\$ 0</u>	<u>\$ 3,085,982</u>

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 5 ACCOUNTS PAYABLE

The following is a summary of accounts payable at December 31, 2003:

Class of Payable		
Vendor	\$	313,627
Other		0
Total		\$ 313,627

NOTE 6 INTERGOVERNMENTAL REVENUES

The Lafourche Parish Council reimbursed the North Lafourche Conservation, Levee and Drainage District \$19,838 for special projects during the year ended December 31, 2003.

The U. S. Army Corps of Engineers reimburses the District for ongoing projects which are sponsored by the North Lafourche Conservation, Levee and Drainage District. The reimbursement for expenses for the year ended December 31, 2003 was \$509,295.

The Louisiana Department of Transportation and Development reimbursed the North Lafourche Conservation, Levee and Drainage District \$1,596,832 for special capital projects during the year ended December 31, 2003.

NOTE 7 RETIREMENT SYSTEM

All employees of the North Lafourche Conservation, Levee and Drainage District are covered by the Social Security System. Employees contribute 6.2 percent of their total salary to the System, while the District contributes a like amount. For the year ended December 31, 2003, total contributions to the System were \$2,102 of which the District contributed \$1,051 and employees contributed \$1,051. Total payroll for the year ended December 31, 2003 was \$16,951 and total payroll covered by the System was \$16,951. Any future deficits in this System will be financed by the United States Government. The District has no further liability to the System for the ended December 31, 2003.

NOTE 8 LEASE OBLIGATIONS

The North Lafourche Conservation, Levee and Drainage District rents office space under an annual operating lease arrangement that is renewed each December for the following year. The rent is \$300 per month and the minimum payments due for the term of the lease is \$3,600. This amount is included in operating services for 2003.

The North Lafourche Conservation, Levee and Drainage District was not obligated under any capital leases agreements at December 31, 2003.

NOTE 9 LITIGATION

The North Lafourche Conservation, Levee and Drainage District is involved in one lawsuit as of the close of business on December 31, 2003. Although the outcome of this lawsuit is not determinable at this stage of the proceedings, the potential losses not covered by applicable insurance is not considered to be significant in relation to the District's overall financial condition.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 10 RISK MANAGEMENT

The North Lafourche Conservation, Levee and Drainage District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

SUPPLEMENTAL SCHEDULES

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Commissioners</u>		
Ronald Adams	\$	0
Chris Bollinger		1,200
Richard Champagne		900
Ridley Chauvin		1,125
Carroll Clement		750
Nelson Constant		750
Michael Delatte		1,200
Dan Duplantis		900
Dennis Martinez		<u>825</u>
Total	\$	<u>7,650</u>

The schedule of compensation paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personal services expenditures of the general fund. Board members are paid \$75 per day to a maximum of 36 days per year for board meetings and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
SCHEDULE OF STATE FUNDING
DECEMBER 31, 2003

DESCRIPTION OF FUNDING

State Revenue Sharing	\$	0
Department of Transportation and Development		<u>1,596,832</u>
Total	\$	<u>1,596,832</u>

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2003

None.

STATE OF LOUISIANA
NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
SCHEDULE OF LONG-TERM DEBT AMORTIZATION
DECEMBER 31, 2003

None.