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FIFTH WARD CONSOLIDATED GRAVITY
DRAINAGE DISTRICT NO. 1

FINANCIAL REPORT

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 9.1.04

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INDEPENDENT ACCOUNTANT'S REPORT

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To the Board of Commissioners
Fifth Ward Consolidated Gravity Drainage District No. 1
Crowley, Louisiana

We have compiled the accompanying financial statements of the Fifth Ward Consolidated Gravity Drainage District No. 1, a component unit of the Acadia Parish Police Jury, as of and for the year ended December 31, 2003, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of the management of the Fifth Ward Consolidated Gravity Drainage District No. 1. We have not audited or reviewed the accompanying financial statements and, accordingly, we do not express an opinion or any other form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of State law, we have issued a report dated April 6, 2004, on the results of our agreed-upon procedures.

BROUSSARD, POCHE, LEWIS & BREAUX, L.L.P.

Crowley, Louisiana
April 6, 2004

Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Siagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambousy, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
George J. Trappey III, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick D. McCarthy, CPA*
Martha B. Wyatt, CPA*
Troy J. Breaux, CPA*
Fayette T. Dupre, CPA*
Mary A. Castille, CPA*
Joey L. Breaux, CPA*
Terrel P. Dressel, CPA*

Retired:

Sidney L. Broussard, CPA 1980
Leon K. Poche, CPA 1984
James H. Breaux, CPA 1987
Erna R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberley, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1996
Lawrence A. Cramer, CPA* 1999
Michael P. Crochet, CPA* 1999
Ralph Friend, CPA 2002

Members of American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

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FIFTH WARD CONSOLIDATED GRAVITY DRAINAGE DISTRICT #1
ACADIA PARISH POLICE JURY

COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 2003
See Accountant's Compilation Report

| | Governmental Fund Types | | Account Groups | | Total (Memorandum Only) |
|--|----------------------------|-------------------------|----------------------------|------------------------------|-------------------------------|
| | General Fund | Debt Service Fund | General Fixed Assets | General Long-Term Debt | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 5,036 | \$ 12,627 | \$ - | \$ - | \$ 17,663 |
| Investments, at cost | 14,694 | - | - | - | 14,694 |
| Receivables: | | | | | |
| Ad valorem taxes | 191,676 | - | - | - | 191,676 |
| State revenue sharing | 5,489 | - | - | - | 5,489 |
| Land and equipment | - | - | 211,572 | - | 211,572 |
| Amount available in debt service fund for debt retirement | - | - | - | 12,627 | 12,627 |
| Amount to be provided for the retirement of general long-term debt | - | - | - | 142,373 | 142,373 |
| Total assets | \$ 216,895 | \$ 12,627 | \$ 211,572 | \$ 155,000 | \$ 596,094 |
| LIABILITIES AND FUND EQUITY | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 6,461 | \$ - | \$ - | \$ - | \$ 6,461 |
| Bonds payable | - | - | - | 155,000 | 155,000 |
| Total liabilities | \$ 6,461 | \$ - | \$ - | \$ 155,000 | \$ 161,461 |
| Fund equity: | | | | | |
| Investment in general fixed assets | \$ - | \$ - | \$ 211,572 | \$ - | \$ 211,572 |
| Fund balance: | | | | | |
| Reserved for debt retirement | - | 12,627 | - | - | 12,627 |
| Unreserved - undesignated | 210,434 | - | - | - | 210,434 |
| Total fund equity | \$ 210,434 | \$ 12,627 | \$ 211,572 | \$ - | \$ 434,633 |
| Total liabilities and fund equity | \$ 216,895 | \$ 12,627 | \$ 211,572 | \$ 155,000 | \$ 596,094 |

See Notes to Financial Statements.

FIFTH WARD CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
ACADIA PARISH POLICE JURY

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

Year Ended December 31, 2003
See Accountant's Compilation Report

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Total (Memorandum Only)</u> |
|---|-------------------------|----------------------------------|--|
| Revenues: | | | |
| Taxes: | | | |
| Ad valorem | \$ 192,200 | \$ - | \$ 192,200 |
| Intergovernmental: | | | |
| State revenue sharing | 8,233 | - | 8,233 |
| Rural development grant | 400 | - | 400 |
| Investment income | 2,096 | 57 | 2,153 |
| Total revenues | \$ 202,929 | \$ 57 | \$ 202,986 |
| Expenditures: | | | |
| Current: | | | |
| Public works: | | | |
| Salaries and related benefits | \$ 32,200 | \$ - | \$ 32,200 |
| Insurance | 4,946 | - | 4,946 |
| Fuel | 5,246 | - | 5,246 |
| Accounting and legal | 6,400 | - | 6,400 |
| Pension deduction | 6,460 | - | 6,460 |
| Repairs and maintenance | 3,786 | - | 3,786 |
| Spraying | 36,179 | - | 36,179 |
| Equipment leasing and renting | 33,917 | - | 33,917 |
| Miscellaneous | 7,222 | - | 7,222 |
| Capital outlay | 190,277 | - | 190,277 |
| Debt service: | | | |
| Interest expense | - | 620 | 620 |
| Principal payments | - | 24,000 | 24,000 |
| Total expenditures | \$ 326,633 | \$ 24,620 | \$ 351,253 |
| Excess (deficiency) of revenues over expenditures | \$ (123,704) | \$ (24,563) | \$ (148,267) |
| Other financing sources (uses): | | | |
| Operating transfers in | \$ - | \$ 15,282 | \$ 15,282 |
| Operating transfers out | (15,282) | - | (15,282) |
| Proceeds from the issuance of debt | 155,000 | - | 155,000 |
| Total other financing sources (uses) | \$ 139,718 | \$ 15,282 | \$ 155,000 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | \$ 16,014 | \$ (9,281) | \$ 6,733 |
| Fund balances, beginning | 194,420 | 21,908 | 216,328 |
| Fund balances, ending | \$ 210,434 | \$ 12,627 | \$ 223,061 |

See Notes to Financial Statements.

FIFTH WARD CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
ACADIA PARISH POLICE JURY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL FUND

Year Ended December 31, 2003
See Accountant's Compilation Report

| | <u>Budget</u> | <u>Actual</u> | <u>Variance- Favorable Unfavorable</u> |
|--|---------------------|---------------------|--|
| Revenues: | | | |
| Taxes: | | | |
| Ad valorem | \$ 175,801 | \$ 192,200 | \$ 16,399 |
| Intergovernmental: | | | |
| State revenue sharing | 8,133 | 8,233 | 100 |
| Rural development grant | 400 | 400 | - |
| Investment income | 1,955 | 2,096 | 141 |
| Total revenues | <u>\$ 186,289</u> | <u>\$ 202,929</u> | <u>\$ 16,640</u> |
| Expenditures: | | | |
| Current: | | | |
| Public works: | | | |
| Salaries and related benefits | \$ 34,724 | \$ 32,200 | \$ 2,524 |
| Insurance | 4,947 | 4,946 | 1 |
| Fuel | 5,246 | 5,246 | - |
| Accounting and legal | 6,400 | 6,400 | - |
| Pension deduction | 2,247 | 6,460 | (4,213) |
| Repairs and maintenance | 26,653 | 3,786 | 22,867 |
| Uncollected taxes | 1,165 | - | 1,165 |
| Spraying | 77,628 | 36,179 | 41,449 |
| Equipment leasing and renting | 33,917 | 33,917 | - |
| Miscellaneous | 685 | 7,222 | (6,537) |
| Capital outlay | 167,409 | 190,277 | (22,868) |
| Total expenditures | <u>\$ 361,021</u> | <u>\$ 326,633</u> | <u>\$ 34,388</u> |
| Excess (deficiency) of revenues over expenditures | <u>\$ (174,732)</u> | <u>\$ (123,704)</u> | <u>\$ 51,028</u> |
| Other financing sources (uses): | | | |
| Operating transfers out | \$ (15,282) | \$ (15,282) | \$ - |
| Proceeds from the issuance of debt | 151,140 | 155,000 | 3,860 |
| Total other financing sources (uses) | <u>\$ 135,858</u> | <u>\$ 139,718</u> | <u>\$ 3,860</u> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | <u>\$ (38,874)</u> | <u>\$ 16,014</u> | <u>\$ 54,888</u> |
| Fund balance, beginning | 156,725 | 194,420 | 37,695 |
| Fund balance, ending | <u>\$ 117,851</u> | <u>\$ 210,434</u> | <u>\$ 92,583</u> |

See Notes to Financial Statements.

FIFTH WARD CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
ACADIA PARISH POLICE JURY

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

Note 1. Summary of Significant Accounting Policies

The Fifth Ward Consolidated Gravity Drainage District No. 1 of Acadia Parish, a component unit of the Acadia Parish Police Jury, was created by the Acadia Parish Police Jury as authorized by Louisiana Revised Statute 38:1841. The ordinance creating this consolidated gravity drainage district was dated April 10, 1984, and combined three existing drainage districts: (1) Fifth Ward District No. 1 of the Parish of Acadia, (2) Fifth Ward Gravity Drainage District No. 2 of the Parish of Acadia, and (3) Fifth Ward Gravity Drainage District No. 3 of the Parish of Acadia. The Fifth Ward Consolidated Gravity Drainage District No. 1 (the "Drainage District") is governed by a five-member Board of Commissioners, appointed by the Acadia Parish Police Jury, who are authorized to construct, maintain, and improve the system of gravity drainage within the district.

Basis of presentation:

The accompanying financial statements of the Drainage District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the generally accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Drainage District are described below:

Financial reporting entity:

A financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. GASB Statement No. 14, *The Financial Reporting Entity*, establishes criteria for determining which entities should be considered a component and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. A potential component unit must have separate corporate powers that distinguish it as being legally separate from the primary government. These include the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued in its own name without recourse to a state or local government, and the right to buy, sell, lease, and mortgage property in its own name.
2. The primary government must be financially accountable for a potential component unit. Financial accountability may exist as a result of the primary government appointing a voting majority of the potential component unit's governing body; their ability to impose their will on the potential component unit by significantly influencing the programs, projects, activities, or level of services performed or provided by the potential component unit; or the existence of a financial benefit or burden. In addition, financial accountability may also exist as a result of a potential component unit being fiscally dependent on the primary government.

FIFTH WARD CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
ACADIA PARISH POLICE JURY

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

In some instances, the potential component unit should be included in the reporting entity (even when the criteria in No. 2 above are not met), if exclusion would render the reporting entity's financial statements incomplete or misleading.

Because the Acadia Parish Police Jury appoints the Board of Commissioners of the Fifth Ward Consolidated Gravity Drainage District #1 and can influence the scope of public service, the Drainage District was determined to be a component unit of the Acadia Parish Police Jury, the governing body of the parish and the governmental entity with oversight responsibility. The accompanying general purpose financial statements present information only on the funds maintained by the Drainage District and do not present information on the Acadia Parish Police Jury, the general government services provided by the governmental entity, or the other governmental entities that comprise the governmental reporting entity.

Basis of presentation - fund accounting:

The Drainage District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities. The various funds are summarized by type and grouped in the financial statements of this report as follows:

Governmental Funds

Governmental funds are used to account for all or most of the governmental entity's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund:

The General Fund is the general operating fund of the Drainage District and accounts for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and capital improvement costs that are not paid through other funds are paid from the General Fund.

FIFTH WARD CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
ACADIA PARISH POLICE JURY

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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 Groups

Account groups are reporting devices used to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with the measurement of the results of operations.

General Fixed Assets Account Group:

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized with general fixed assets, as these assets are immovable and of value only to the Drainage District. In accordance with accounting principles generally accepted in the United States of America, no provision is made for depreciation of such assets in the General Fixed Assets Account Group.

All fixed assets are stated on the basis of historical cost. Assets acquired through gift or donation are recorded at their estimated fair value at time of acquisition.

General Long-Term Debt Account Group:

Long-term debt and long-term liabilities expected to be financed with resources to be provided in future periods from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

Basis of accounting:

Basis of accounting refers to when revenues and expenditures or expenses, as appropriate, are recognized in the accounts and reported in the financial statements; measurement focus refers to what is being measured. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

FIFTH WARD CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
ACADIA PARISH POLICE JURY

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The governmental funds use a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spending resources." Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spending resources" during a period. The modified accrual basis of accounting is utilized by the governmental fund types. Their revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Taxpayer-assessed income, gross receipts, and sales taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditure-driven grant revenues are recorded when the qualifying expenditures have been incurred and all other grant requirements have been met. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued because they do not vest or accumulate; and (2) principal and interest on general long-term debt which is recognized when due.

Budgets and budgetary accounting:

The Drainage District follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. The Secretary-Treasurer submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Due to the fact that proposed expenditures did not exceed \$250,000, it was not necessary to have a public hearing.
3. The budget is then legally enacted through passage of a resolution.
4. An amendment involving the transfer of monies from one department to another or from one program or function to another or any increase in expenditures exceeding amounts estimated must be approved by the Board of Commissioners.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budget is employed as a management control device during the year that assists its users in financial activity analysis.

All budget appropriations lapse at year-end. The budget presented is as amended by the Board of Commissioners. Actual expenditures may not

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legally exceed budgeted appropriations by more than 5% at the individual fund level.

Encumbrances:

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Drainage District.

Total column on the financial statements:

The total column on the financial statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Use of estimates:

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

Cash and investments:

For reporting purposes, the Drainage District considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Long-term obligations:

Long-term obligations expected to be financed from governmental funds are reported in the General Long-Term Debt Account Group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

Fund equity:

Reservations of fund equity represent amounts that are not appropriated for expenditure or are legally restricted for specific uses. The purpose for each is indicated by the account title on the face of the balance sheet.

Interfund transactions:

Quasi-external transactions are accounted for as revenues, expenditures, or expenses, as appropriate. Transactions that constitute reimbursements

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to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. Legally authorized transfers are treated as operating transfers and are included in the results of operations.

Compensated absences:

The Drainage District has one employee who is entitled to 12 days of paid vacation leave annually. Vacation can not be accumulated and compensation in lieu of vacation leave not taken is not paid. Therefore, no provision for compensated absences has been made in the financial statements.

Note 2. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are due by December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. Property tax revenues are recognized when levied to the extent that they result in current receivables.

The Drainage District authorized and levied general corporate taxes of 8.24 and 8.56 mills for the year ended December 31, 2003.

Note 3. Cash and Investments

For reporting purposes, cash and cash equivalents include demand deposits, interest-bearing demand deposits, and time deposits. Under State law, the Drainage District may invest in United States bonds, treasury notes or certificates, or time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. The Drainage District may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. At December 31, 2003, the carrying value of the Drainage District's cash deposits, including demand deposits and certificates of deposit, totaled \$32,357, and the bank balances totaled \$33,736. The entire bank balances were covered by Federal Deposit Insurance Corporation (FDIC) coverage at December 31, 2003.

FIFTH WARD CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
ACADIA PARISH POLICE JURY

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

Note 4. Changes in General Fixed Assets

The following is a summary of changes in general fixed assets for the year ended December 31, 2003:

| <u>Asset category</u> | <u>Balance, December 31, 2002</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance, December 31, 2003</u> |
|----------------------------|---|-------------------|------------------|---|
| Land | \$ 155 | \$ - | \$ - | \$ 155 |
| Equipment | 21,140 | 190,277 | - | 211,417 |
| Total general fixed assets | <u>\$ 21,295</u> | <u>\$ 190,277</u> | <u>\$ -</u> | <u>\$ 211,572</u> |

Note 5. Per Diem to Board of Commissioners

The Board of Commissioners does not receive any compensation for attendance of meetings. The Board of Commissioners at December 31, 2003, includes:

| | |
|---------------------|---------------|
| Tommy Carlson | Robert Walton |
| Stephen Hamic | Wayne Wild |
| Randy K. Thibodeaux | |

Note 6. Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended December 31, 2003:

| | <u>Certificates of Indebtedness, Series 1997</u> | <u>Certificates of Indebtedness, Series 2003</u> |
|------------------------------------|--|--|
| Beginning balances | \$ 24,000 | \$ - |
| Proceeds from the issuance of debt | - | 155,000 |
| Less: principal retirements | (24,000) | - |
| Ending balances | <u>\$ -</u> | <u>\$ 155,000</u> |

On March 1, 1997, the Drainage District issued \$180,000 of Certificates of Indebtedness, Series 1997, due in annual installments of \$21,965 - \$26,586, through March 1, 2006, at an interest rate of 5.25%. However, in 2002, the Board of Commissioners decided to take advantage of the "buy back" option on an excavator. As a result, the Drainage District received \$70,000, which they applied to this debt.

On July 1, 2003, the Drainage District issued \$155,000 of Certificates of Indebtedness, Series 2003, due in annual installments of \$31,700 - \$35,638, through March 1, 2008, at an interest rate of 3.40%. This debt will be retired from the proceeds of the 8.24 mills ad valorem tax.

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At December 31, 2003, annual requirements to maturity for principal and interest for the Certificates of Indebtedness, Series 2003, are as follows:

| <u>Years Ended</u> <u>December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|------------------|------------------|-------------------|
| 2004 | \$ 30,000 | \$ 5,638 | \$ 35,638 |
| 2005 | 30,000 | 3,740 | 33,740 |
| 2006 | 30,000 | 2,720 | 32,720 |
| 2007 | 30,000 | 1,700 | 31,700 |
| 2008 | 35,000 | 595 | 35,595 |
| Totals | <u>\$155,000</u> | <u>\$ 14,393</u> | <u>\$ 169,393</u> |
| Less: interest | | | <u>(14,393)</u> |
| Present value | | | <u>\$ 155,000</u> |

Note 7. Interfund Transfers

Interfund transfers for the year ended December 31, 2003, were as follows:

| <u>Fund</u> | <u>Operating</u> <u>Transfers</u> <u>In</u> | <u>Operating</u> <u>Transfers</u> <u>Out</u> |
|---------------------------|---|--|
| General Fund | \$ - | \$ 15,282 |
| Debt Service Fund | 15,282 | - |
| Total operating transfers | <u>\$ 15,282</u> | <u>\$ 15,282</u> |

Note 8. New Reporting Standard

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This standard established new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The Drainage District is required to implement this standard for the fiscal year ended December 31, 2004. The Drainage District has not yet determined the full impact that adoption of GASB Statement No. 34 will have on the financial statements.



BROUSSARD, POCHE', LEWIS & BREAU, L.L.P.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Other Offices:

Lafayette, LA
(337) 988-4930

Opelousas, LA
(337) 942-5217

Abbeville, LA
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(337) 364-4554

Church Point, LA
(337) 684-2855

To the Board of Commissioners
Fifth Ward Consolidated Gravity Drainage District No. 1
Crowley, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Fifth Ward Consolidated Gravity Drainage District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Fifth Ward Consolidated Gravity Drainage District No. 1's compliance with certain laws and regulations during the year ended December 31, 2003, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

One expenditure was made during the year for materials and supplies exceeding \$15,000. We examined documentation which indicated that this expenditure had been properly advertised and accepted in accordance with the provisions of LSA-RS 38:2211-2251.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each Board Member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all Board Members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Siagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambousy, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
George J. Trappey III, CPA*
Gregory B. Milton, CPA*
S. Scott Sorleau, CPA*
Patrick D. McCarthy, CPA*
Martha B. Wyatt, CPA*
Troy J. Breau, CPA*
Fayette T. Dupre', CPA*
Mary A. Castille, CPA*
Joey L. Breau, CPA*
Terrel P. Dressel, CPA*

Retired:

Sidney L. Broussard, CPA 1980
Leon K. Poche', CPA 1984
James H. Breau, CPA 1987
Erna R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberley, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1996
Lawrence A. Cramer, CPA* 1999
Michael P. Crochet, CPA* 1999
Ralph Friend, CPA 2002

Members of American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

* A Professional Accounting Corporation.

To the Board of Commissioners
Fifth Ward Consolidated Gravity Drainage District No. 1
Crowley, Louisiana

Management provided us with the required list including the noted information.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and a copy of the amended budget.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on December 20, 2002, which indicated that the budget had been adopted by the Board of Commissioners. We traced the adoption of the amended budget to the minutes of a meeting held on December 3, 2003, which indicated that the amended budget had been adopted by the Board of Commissioners.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceeded budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not vary from budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- a. trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b. determine if payments were properly coded to the correct fund and general ledger account; and

All six of the selected payments were properly coded to the correct fund and general ledger account.

- c. determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from proper authorities.

To the Board of Commissioners
Fifth Ward Consolidated Gravity Drainage District No. 1
Crowley, Louisiana

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-42:12 (the open meetings law).

The Fifth Ward Consolidated Gravity Drainage District No. 1 is only required to post a notice of each meeting and the accompanying agenda on the door of the Drainage District's meeting place. Management has asserted that such documents were properly posted.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We scanned copies of bank deposit slips for the period under examination and noted \$155,000 received from the issuance of debt. The State Bond Commission approved the issuance of this debt at a meeting held in the State Capitol on June 19, 2003. See detail information relating to this debt at Note 6 to the financial statements.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

A reading of the minutes of the Drainage District for the year did not indicate any such payments. We also inspected payroll records for the year and did not note any instances, which would indicate payments to employees, which would constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

12. Review any prior year suggestions, recommendations, and/or comments and indicate the extent to which such matters have been resolved.

Our prior year report dated April 14, 2003, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Fifth Ward Consolidated Gravity Drainage District No. 1 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor, State of Louisiana, as a public document.

BROUSSARD, POCHE, LEWIS & BREAU, L.L.P.

Crowley, Louisiana
April 6, 2004

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)
MARCH 23, 2004 (Date Transmitted)**

Broussard, Poche', Lewis & Breaux, L.L.P.
Post Office Drawer 307
Crowley, Louisiana 70527-0307 (Auditors)

In connection with your compilation of our financial statements as of December 31, 2003, and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of MARCH 23, 2004 (date of completion/representations).

Public Bid Law

It is true that we have complied with the Public Bid Law, LSA-RS 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34. Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable. Yes [] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.
Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in LSA-RS 42:1 through 42:12.
Yes [] No []

Debt

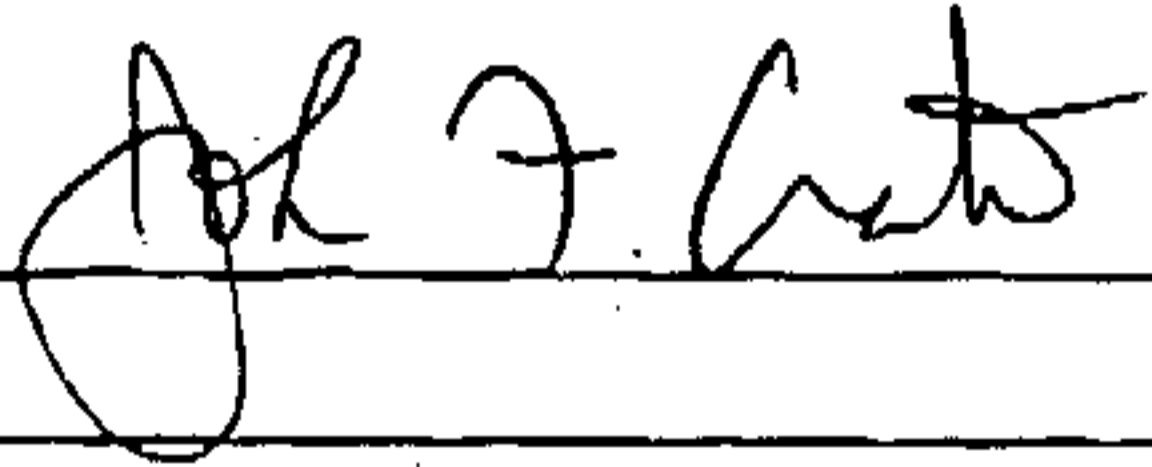
It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.
Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.
Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

| | | | |
|---|-----------|-----------|------|
|  | Secretary | 3/18/2004 | Date |
| | Treasurer | | Date |
| | President | | Date |