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BAYOU DES CANNES - NEZPIQUE  
GRAVITY DRAINAGE DISTRICT  
OF ACADIA PARISH  
  
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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# BROUSSARD, POCHE', LEWIS & BREAUX, L.L.P.

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Ralph Friend, CPA 2002

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## ACCOUNTANT'S COMPILATION REPORT

To the Board of Commissioners  
Bayou des Cannes – Nezpique  
Gravity Drainage District  
Egan, Louisiana

We have compiled the accompanying general purpose financial statements of the Bayou des Cannes – Nezpique Gravity Drainage District, a component unit of the Acadia Parish Police Jury, as of and for the year ended December 31, 2003, as listed in the table of contents, 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 management of the Bayou des Cannes – Nezpique Gravity Drainage District. 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 provision of State law, we have issued our report dated March 3, 2004, on the results of our agreed-upon procedures.

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

Crowley, Louisiana  
March 3, 2004

BAYOU DES CANNES - NEZPIQUE  
GRAVITY DRAINAGE DISTRICT  
ACADIA PARISH POLICE JURY

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

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 60,934
Investments	830,000
Receivables	391,573
	<hr/>
Total assets	\$ 1,282,507
	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES:</b>	
Accounts payable	\$ 74,298
<b>FUND BALANCE:</b>	
Unreserved - undesignated	1,208,209
	<hr/>
Total liabilities and fund balance	\$ 1,282,507
	<hr/> <hr/>

See Notes to Financial Statements.

BAYOU DES CANNES - NEZPIQUE  
GRAVITY DRAINAGE DISTRICT  
ACADIA PARISH POLICE JURY

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES  
Year Ended December 31, 2003  
See Accountant's Compilation Report

	<u>General Fund</u>
<b>Revenues:</b>	
Taxes	\$ 381,208
Intergovernmental	16,187
Investment income	26,460
Miscellaneous	582
	<hr/>
Total revenues	\$ 424,437
	<hr/>
<b>Expenditures:</b>	
<b>Current:</b>	
Public works - drainage:	
Commissioner's fees	\$ 5,200
Construction costs	51,473
Contract labor	4,870
Engineer fees	46,871
Insurance	4,453
Spraying expense	145,242
Payroll taxes	863
Pension	13,960
Professional fees	14,801
Secretary fees	2,400
Uncollected taxes	9,531
Miscellaneous	193
	<hr/>
Total expenditures	\$ 299,857
	<hr/>
Excess of revenues over expenditures	\$ 124,580
Fund balance, beginning	1,083,629
	<hr/>
Fund balance, ending	\$ 1,208,209
	<hr/> <hr/>

See Notes to Financial Statements.

BAYOU DES CANNES - NEZPIQUE  
GRAVITY DRAINAGE DISTRICT  
ACADIA PARISH POLICE JURY

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

	General Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Taxes	\$ 277,000	\$ 381,208	\$ 104,208
Intergovernmental	18,700	16,187	(2,513)
Investment income	21,000	26,460	5,460
Miscellaneous	-	582	582
	<u>\$ 316,700</u>	<u>\$ 424,437</u>	<u>\$ 107,737</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Public works - drainage:			
Commissioner's fees	\$ 7,000	\$ 5,200	\$ 1,800
Construction costs	200,000	51,473	148,527
Contract labor	4,200	4,870	(670)
Engineer fees	40,000	46,871	(6,871)
Insurance	3,000	4,453	(1,453)
Spraying expense	32,000	145,242	(113,242)
Payroll taxes	-	863	(863)
Pension	-	13,960	(13,960)
Professional fees	3,400	14,801	(11,401)
Secretary fees	2,400	2,400	-
Uncollected taxes	-	9,531	(9,531)
Miscellaneous	340	193	147
	<u>\$ 292,340</u>	<u>\$ 299,857</u>	<u>\$ (7,517)</u>
Excess of revenues over expenditures	\$ 24,360	\$ 124,580	\$ 100,220
Fund balance, beginning	461,502	1,083,629	622,127
	<u>\$ 485,862</u>	<u>\$ 1,208,209</u>	<u>\$ 722,347</u>

See Notes to Financial Statements.

BAYOU DES CANNES – NEZPIQUE  
GRAVITY DRAINAGE DISTRICT  
ACADIA PARISH POLICE JURY

NOTES TO FINANCIAL STATEMENTS  
See Accountant's Compilation Report

Note 1. Summary of Significant Accounting Policies

As provided by Louisiana Revised Statute 38:1758, the Bayou des Cannes – Nezpique Gravity Drainage District (the "Drainage District") of Acadia Parish is governed by five commissioners. These five commissioners are referred to as the Board of Commissioners and are appointed by Acadia Parish Police Jury. The Drainage District was created under the authority of Louisiana Revised Statutes 38:1751-1802 and was established for the purpose of opening and maintaining all natural drains in 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 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:**

Because the Acadia Parish Police Jury appoints the Board of Commissioners of the Bayou des Cannes – Nezpique Gravity Drainage District 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 is maintained 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:

**NOTES TO FINANCIAL STATEMENTS**  
**See Accountant's Compilation Report**

**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.

**Basis of accounting - measurement focus:**

Basis of accounting refers to when revenues and expenditures or expenses 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.

The governmental, expendable trust, and agency 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 these 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. A public hearing is conducted to obtain taxpayer comments.
3. The budget is then legally enacted through passage of an ordinance.
4. The budget is employed as a management control device during the year that assists its users in financial activity analysis.



NOTES TO FINANCIAL STATEMENTS  
See Accountant's Compilation Report

All budget appropriations lapse at year-end. The budget presented is as amended by the Board of Commissioners. Expenditures may not legally exceed budgeted appropriations by more than 5% at the individual fund level.

**Total columns on combined statements:**

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. 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 generally accepted accounting principles 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 of cash and cash equivalents, the Drainage District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. 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.

These deposits (or the resulting bank balances) must be secured by federal insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus federal insurance must at all times equal the amount on deposit with the bank. Deposits (bank balances) totaling \$891,581 at December 31, 2003, are fully secured by federal deposit insurance and pledged securities with a market value of \$1,091,625 on December 31, 2003. The pledged securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved (Category 3).

**Note 2. Property Taxes**

Property taxes attach as an enforceable lien on property at 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 levies taxes at 10.00 mills per dollar of assessed valuation of property. For the year ended December 31, 2003, the assessed valuation of property totaled \$38,120,830.

NOTES TO FINANCIAL STATEMENTS  
See Accountant's Compilation Report

Note 3. Receivables

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

	<u>General Fund</u>
Ad valorem taxes	\$ 380,782
State revenue sharing	<u>10,791</u>
Total receivables	<u>\$ 391,573</u>

Note 4. Per Diem Paid to the Board of Commissioners

The Board of Commissioners each receive \$100 per diem for attendance at meetings of the Board. Compensation paid to the Board of Commissioners for the year ended December 31, 2003, follows:

Troy Fruge	\$ 1,000
Earl Garber	1,000
Earl Toups	800
Burley Cart	1,200
Barrett Courville	<u>1,200</u>
Total per diem	<u>\$ 5,200</u>

Note 5. 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.



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## ACCOUNTANT'S COMPILATION REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners  
Bayou des Cannes – Nezpique  
Gravity Drainage District  
Egan, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by management of the Bayou des Cannes – Nezpique Gravity Drainage District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Bayou des Cannes – Nezpique Gravity Drainage District'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).

There were no expenditures made during the year for materials and supplies exceeding \$15,000, or for public works exceeding \$100,000.

### *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.

The Drainage District had no employees during the period under examination.

To the Board of Commissioners  
Bayou des Cannes – Nezpique  
Gravity Drainage District  
Egan, Louisiana

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.

The Drainage District had no employees during the period under examination.

#### *Budgeting*

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

Management provided us with a copy of the legally adopted budget. There were no amendments to the budget during the year.

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 27, 2002, which indicated that the budget had been adopted by the Board of Commissioners of the Drainage District. No amendments were made to the budget during the year.

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 revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not vary from the 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 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  
Bayou des Cannes – Nezpique  
Gravity Drainage District  
Egan, 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 Drainage District had placed a notice of each meeting in the calendar of public events, on display at the Drainage District's meeting place. Management has asserted that this calendar was 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 inspected copies of bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, or like indebtedness.

#### *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.

The Drainage District had no employees during the period under examination.

#### *Prior Comments and Recommendations*

12. Our prior year report, dated June 25, 2002, included an unresolved matter #2002-1 – Segregation of Duties. During the current year's compilation, it was noted that an inadequate segregation of duties still exists. We have recommended to management that duties be segregated in such a way as to facilitate an adequate segregation of duties. However, the Board has evaluated this inadequacy and concluded that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

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 Bayou des Cannes – Nezpique Gravity Drainage District 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, POCHÉ, LEWIS & BREAUX, L.L.P.*

Crowley, Louisiana  
March 3, 2004

BAYOU DES CANNES - NEZPIQUE  
GRAVITY DRAINAGE DISTRICT  
ACADIA PARISH POLICE JURY

SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
Year Ended December 31, 2003

**Section I. Internal Control and Compliance Material to the Financial Statements**

#2003-1 - Segregation of Duties

**Finding:** In reviewing the internal control over financial reporting, we noted that there was an inadequate segregation of duties.

**Cause:** Due to the limited number of personnel performing administrative functions, the same person writes checks, checks the mail, reconciles bank statements, and enters information into the general ledger.

**Recommendation and Response:** We recommend, and management agrees, that duties be segregated in a way as to facilitate an adequate segregation of duties. The Board has evaluated this inadequacy and has concluded that the District cannot afford to hire more administrative employees due to the District's limited resources. The cost would exceed benefits.

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

The District did not receive any federal awards for the year ended December 31, 2003.

**Section III. Management Letter**

The District did not receive a management letter for the year ended December 31, 2003.

BAYOU DES CANNES - NEZPIQUE  
GRAVITY DRAINAGE DISTRICT  
ACADIA PARISH POLICE JURY

SCHEDULE OF PRIOR YEAR FINDINGS  
Year Ended December 31, 2003

**Section I. Internal Control and Compliance Material to the Financial Statements**

#2002-1 – Segregation of Duties

This finding is included in the current year's schedule of findings and questions costs at #2003-1. The Drainage District has provided as much segregation as possible with resources available.

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

There were no matters reported relating to reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, relating to Federal awards for the year ended December 31, 2002.

**Section III. Management Letter**

There were no matters reported in a separate management letter for the year ended December 31, 2002.







BAYOU DES CANNES - NEZPIQUE  
GRAVITY DRAINAGE DISTRICT  
ACADIA PARISH POLICE JURY

MANAGEMENT'S CORRECTIVE ACTION PLAN  
Year Ended December 31, 2003

**Section I. Internal Control and Compliance Material to the Financial Statements**

#2003-1 – Segregation of Duties

Management has ensured as much segregation as possible based on available resources. However, adequate segregation is not feasible.

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

There were no matters noted relating to reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, relating to Federal awards for the year ended December 31, 2003.

**Section III. Management Letter**

There were no matters reported in a separate management letter for the year ended December 31, 2003.

Responsible Party: Kenneth Webb, Secretary-Treasurer