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Financial Report

Lafourche Parish Drainage District No. 1

Galliano, Louisiana

December 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date APR 26 2000

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Lafourche Parish Drainage District No. 1

December 31, 1999

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general-purpose financial statements of Lafourche Parish Drainage District No. 1, (the District), a component unit of the Lafourche Parish Council, State of Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lafourche Parish Drainage District No. 1, as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2000 on our consideration of the Lafourche Parish Drainage District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, La.,
February 15, 2000.

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1
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COMBINED BALANCE SHEET -
GOVERNMENTAL FUND TYPES AND ACCOUNT GROUP

Lafourche Parish Drainage District No. 1

December 31, 1999

Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
ASSETS AND OTHER DEBITS			
Assets			
Cash	\$ 8,492	\$ 100	\$ 315
Investments	550,458	107,732	122,903
Receivables - taxes	13,225	-	5,437
Due from other governmental units	96,556	-	33,598
Other Debits			
Amounts available in debt service fund	-	-	-
Total assets and other debits	<u>\$ 668,731</u>	<u>\$ 107,832</u>	<u>\$ 162,253</u>
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable	\$ 10,858		
Bonds payable	-		
Total liabilities	<u>10,858</u>		
Equity			
Fund balances:			
Reserved for debt service	-	\$ -	\$ 140,000
Unreserved	<u>657,873</u>	<u>107,832</u>	<u>22,253</u>
Total equity	<u>657,873</u>	<u>107,832</u>	<u>162,253</u>
Total liabilities and equity	<u>\$ 668,731</u>	<u>\$ 107,832</u>	<u>\$ 162,253</u>

See notes to financial statements.

<u>Account Group</u> General Long-Term Debt	<u>Total</u> (Memorandum Only)
\$ -	\$ 8,907
-	781,093
-	18,662
-	130,154
<u>140,000</u>	<u>140,000</u>
<u>\$ 140,000</u>	<u>\$ 1,078,816</u>
\$ -	\$ 10,858
<u>140,000</u>	<u>140,000</u>
<u>140,000</u>	<u>150,858</u>
	140,000
	<u>787,958</u>
	<u>927,958</u>
<u>\$ 140,000</u>	<u>\$ 1,078,816</u>

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

Lafourche Parish Drainage District No. 1

For the year ended December 31, 1999

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total (Memorandum Only)</u>
Revenues				
Taxes	\$ 98,412	\$ -	\$ 40,806	\$ 139,218
Intergovernmental:				
State of Louisiana:				
State revenue sharing	14,831	-	-	14,831
Miscellaneous - interest	18,097	1,373	2,446	21,916
 Total revenues	 <u>131,340</u>	 <u>1,373</u>	 <u>43,252</u>	 <u>175,965</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustments	1,632		1,632	3,264
Ad valorem tax deductions	2,980		1,225	4,205
 Total general government	 <u>4,612</u>		 <u>2,857</u>	 <u>7,469</u>
 Public works:				
Personal services	13,796			13,796
Supplies and materials	187			187
Other services and charges	18,384			18,384
Repairs and maintenance	25,658			25,658
 Total public works	 <u>58,025</u>			 <u>58,025</u>
 Debt service:				
Principal retirement			40,000	40,000
Interest and fiscal charges			9,158	9,158
 Total debt service			 <u>49,158</u>	 <u>49,158</u>
 Total expenditures	 <u>62,637</u>		 <u>52,015</u>	 <u>114,652</u>
 Excess (deficiency) of revenues over expenditures (carry forward)	 <u>68,703</u>	 <u>1,373</u>	 <u>(8,763)</u>	 <u>61,313</u>

**Exhibit B
(Continued)**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total (Memorandum Only)</u>
Excess (deficiency) of revenues over expenditures (carry forward)	68,703	1,373	(8,763)	61,313
Other Financing Source				
Proceeds of general fixed asset dispositions	-	48,000	-	48,000
Excess (Deficiency) of Revenues and Other Financing Source Over Expenditures	68,703	49,373	(8,763)	109,313
Fund Balances				
Beginning of year	589,170	58,459	171,016	818,645
End of year	\$ 657,873	\$ 107,832	\$ 162,253	\$ 927,958

See notes to financial statements.

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

Lafourche Parish Drainage District No. 1

For the year ended December 31, 1999

	General Fund		
	Budget	Budgetary Basis	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 78,740	\$ 81,384	\$ 2,644
Intergovernmental:			
State of Louisiana:			
State revenue sharing	15,000	14,839	(161)
Miscellaneous - interest	17,000	18,097	1,097
	110,740	114,320	3,580
Expenditures			
Current:			
General government:			
Ad valorem tax adjustments	1,600	2,128	(528)
Ad valorem tax deductions	2,000	2,442	(442)
Total general government	3,600	4,570	(970)
Public works:			
Personal services	14,748	13,796	952
Supplies and materials	100	187	(87)
Other services and charges	18,740	18,384	356
Repairs and maintenance	15,000	14,800	200
Total public works	48,588	47,167	1,421
Total expenditures	52,188	51,737	451
Excess of revenues over expenditures	58,552	62,583	4,031
Other Financing Source			
Proceeds of general fixed asset dispositions	-	-	-
Excess of Revenues and Other Financing Source Over Expenditures	\$ 58,552	62,583	\$ 4,031
Fund Balances			
Beginning of year		496,367	
End of year		\$ 558,950	

See notes to financial statements.

Special Revenue Fund		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
900	1,373	473
<u>900</u>	<u>1,373</u>	<u>473</u>
900	1,373	473
900	1,373	473
48,000	48,000	-
<u>\$ 48,900</u>	49,373	<u>\$ 473</u>
	<u>58,459</u>	
	<u>\$ 107,832</u>	

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

December 31, 1999

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Lafourche Parish Drainage District No. 1 (the District) conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

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

b) Fund Accounting

The District uses funds and an account group to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental Funds

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting (Continued)

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

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes.

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

Account Group

An account group is used to establish accounting control and accountability. The District's Account Group is as follows:

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

c) Basis of Accounting

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

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

The Special Revenue Fund budget is adopted on a basis materially consistent with generally accepted accounting principles.

The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Fund Types is presented on the budgetary basis for the General Fund to provide a comparison of actual results with the budget. The major differences between the budgetary basis and GAAP basis are that:

- a) Revenues are recorded when received in cash (budgetary basis) as opposed to when measurable and available (GAAP basis).
- b) Expenditures are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP) basis.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data (Continued)

The adjustments necessary to convert the results of operations for the year from the GAAP basis to the budgetary basis for the General Fund are as follows:

	<u>Excess of Revenues and Other Financing Source Over Expenditures</u>
GAAP basis (as reported)	\$ <u>68,703</u>
Adjustments:	
Revenues:	
Taxes	(17,028)
Intergovernmental	<u>8</u>
Total revenue adjustments	<u>(17,020)</u>
Expenditures	
Current:	
General government	42
Repairs and maintenance	<u>10,858</u>
Total expenditure adjustments	<u>10,900</u>
Budgetary basis	<u>\$ 62,583</u>

f) Accounts Receivable

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

g) Investments

Investments consist of certificates of deposit, which are stated at cost and approximate market value.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Long-Term Debt

Long-term debt is recognized as a liability of a Governmental Fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year.

i) Vacation and Sick Leave

The District has no full-time employees. There is no accumulated unpaid vacation and sick leave at December 31, 1999.

j) Encumbrances

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

k) Memorandum Only - Total Columns

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

Note 2 - DEPOSITS

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

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

Note 2 - DEPOSITS (Continued)

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

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

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

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

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

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$ 9,148	\$ -	\$ -	\$ 8,907
Investments:				
Certificates of deposit	<u>200,000</u>	<u>-</u>	<u>581,093</u>	<u>781,093</u>
Totals	<u>\$209,148</u>	<u>\$ -</u>	<u>\$581,093</u>	<u>\$790,000</u>

At December 31, 1999, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 1996. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 1999 was \$.90 per \$1,000 of assessed valuation on property within Drainage District No. 1 for the purpose of maintaining and operating drainage works within the District and \$.37 per \$1,000 of assessed valuation on property for the purpose of payment of general long-term debt principal, interest and related costs.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 1999 consisted of the following:

	<u>General</u>	<u>Debt Service</u>
State of Louisiana - State revenue sharing	\$14,831	\$ -
Lafourche Parish Tax Collector - December, 1999 collections remitted to the District in January, 2000:		
Ad valorem taxes	<u>81,725</u>	<u>33,598</u>
Totals	<u>\$96,556</u>	<u>\$33,598</u>

Note 5 - FIXED ASSETS

All fixed assets are purchased for the use of the Lafourche Parish Council and are considered property of the Council. The Lafourche Parish Council is responsible for all maintenance on these assets.

Note 6 - LONG-TERM DEBT

At December 31, 1999, the District had outstanding public improvement bonds totaling \$140,000, which are repayable from ad valorem tax revenues.

The following is a summary of bond transactions of the District for the year ended December 31, 1999:

Bonds payable at January 1, 1999	\$180,000
Bonds retired	<u>40,000</u>
 Bonds payable at December 31, 1999	 <u>\$140,000</u>

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

<u>Public Improvement Bonds</u>	<u>Author- ized and Issued</u>	<u>Annual Installments</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Out- standing</u>
4/1/77	\$600,000	\$45,000-\$50,000	4.625-6.50	4/1/02	<u>\$140,000</u>

The annual requirements to amortize all long-term debt outstanding at December 31, 1999 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 45,000	\$ 6,160	\$ 51,160
2001	45,000	3,595	48,595
2002	<u>50,000</u>	<u>1,156</u>	<u>51,156</u>
 Totals	 <u>\$140,000</u>	 <u>\$10,911</u>	 <u>\$150,911</u>

Note 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

Note 8 - COMPENSATION OF BOARD MEMBERS

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

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

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

Our report on our audit of the general-purpose financial statements of Lafourche Parish Drainage District No. 1 (the District) for the year ended December 31, 1999, appears on page 1. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in the schedules of revenues and expenditures and graphs of revenues and expenditures for the year ended December 31, 1999 is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements for the year ended December 31, 1999, taken as a whole.

We also have previously audited, in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the balance sheets of Lafourche Parish Drainage District No. 1 as of December 31, 1998 and 1997, and the related statements of revenues, expenditures and changes in fund balance for each of the two years in the period ended December 31, 1998 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in the schedules of revenues and expenditures and graphs of revenues and expenditures for the years ended December 31, 1998 and 1997 is fairly stated in all material respects in relation to the general-purpose financial statements from which it has been derived.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, La.,
February 15, 2000.

SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND**Lafourche Parish Drainage District No. 1**

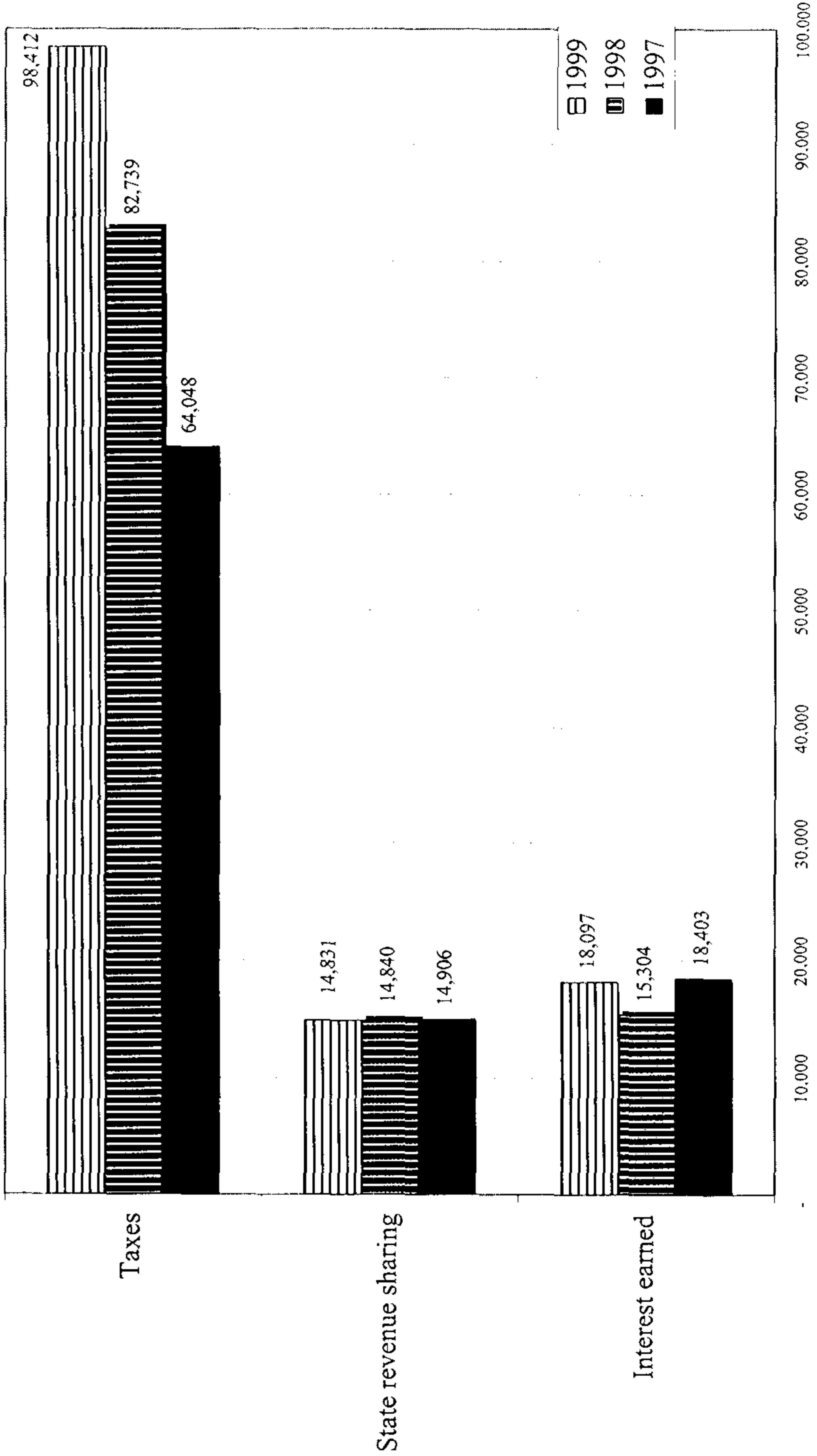
For the years ended December 31, 1999, 1998 and 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
REVENUES			
Taxes	\$ 98,412	\$ 82,739	\$ 64,048
State revenue sharing	14,831	14,840	14,906
Interest earned	<u>18,097</u>	<u>15,304</u>	<u>18,403</u>
Total revenues	<u><u>\$ 131,340</u></u>	<u><u>\$ 112,883</u></u>	<u><u>\$ 97,357</u></u>
EXPENDITURES			
General government	\$ 4,612	\$ 4,571	\$ 3,516
Personal services	13,796	13,151	12,530
Supplies and materials	187	108	445
Other services and charges	18,384	14,287	17,274
Repairs and maintenance	25,658	1,211	31,395
Capital Expenditures	<u>-</u>	<u>2,000</u>	<u>-</u>
Total expenditures	<u><u>\$ 62,637</u></u>	<u><u>\$ 35,328</u></u>	<u><u>\$ 65,160</u></u>

REVENUES - GENERAL FUND

Lafourche Parish Drainage District No. 1

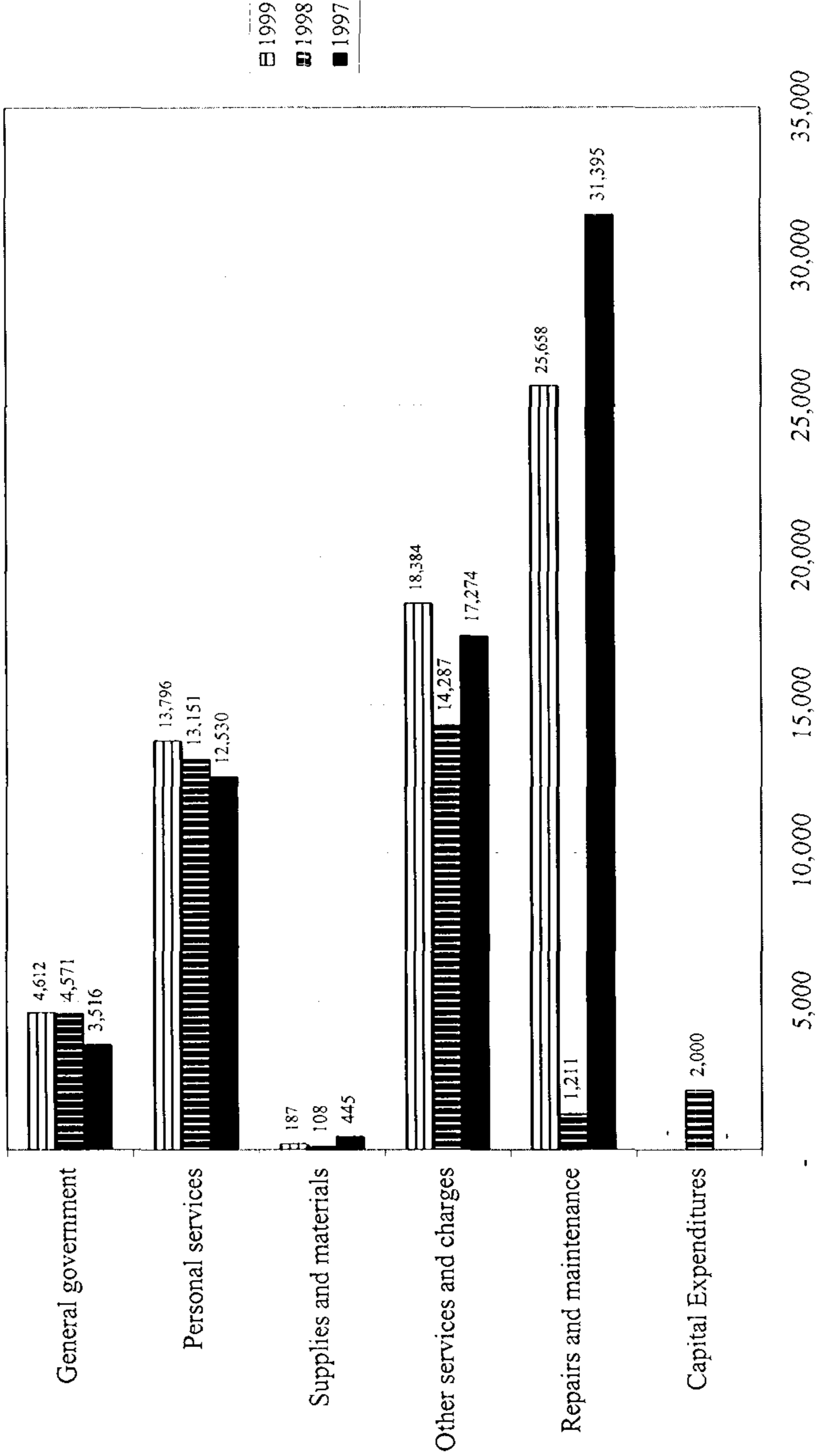
For the years ended December 31 1999, 1998 and 1997



EXPENDITURES - GENERAL FUND

Lafourche Parish Drainage District No. 1

For the years ended December 31, 1999, 1998 and 1997



SCHEDULE OF REVENUES AND EXPENDITURES -
SPECIAL REVENUE FUND

Lafourche Parish Drainage District No. 1

For the years ended December 31, 1999, 1998 and 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
REVENUES			
Interest earned	\$ 1,373	\$ 1,003	\$ 628
Sale of assets	<u>48,000</u>	<u>10,000</u>	<u>14,660</u>
 Total revenues	 <u><u>\$ 49,373</u></u>	 <u><u>\$ 11,003</u></u>	 <u><u>\$ 15,288</u></u>
 EXPENDITURES			
Capital Outlay	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
 Total expenditures	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

SCHEDULE OF REVENUES AND EXPENDITURES -
DEBT SERVICE FUND

Lafourche Parish Drainage District No. 1

For the years ended December 31, 1999, 1998 and 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
REVENUES			
Taxes	\$ 40,806	\$ 82,962	\$ 66,272
Interest earned	<u>2,446</u>	<u>1,682</u>	<u>1,660</u>
Total revenues	<u><u>\$ 43,252</u></u>	<u><u>\$ 84,644</u></u>	<u><u>\$ 67,932</u></u>
EXPENDITURES			
General government	\$ 2,857	\$ 4,570	\$ 5,303
Debt Service	<u>49,158</u>	<u>51,487</u>	<u>82,518</u>
Total expenditures	<u><u>\$ 52,015</u></u>	<u><u>\$ 56,057</u></u>	<u><u>\$ 87,821</u></u>

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

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

We have audited the general-purpose financial statements of the Lafourche Parish Drainage District No. 1 (the District), a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 1999, and have issued our report thereon dated February 15, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of *noncompliance that are required to be reported under Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely

affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe, the reportable condition described above is a material weakness.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, La.,
February 15, 2000.

SCHEDULE OF FINDINGS

Lafourche Parish Drainage District No. 1

For the year ended December 31, 1999

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Lafourche Parish Drainage District No. 1 did not receive federal awards during the year ended December 31, 1999.

Section II Financial Statement Findings

99-1 **Criteria** - Internal controls should be in place that provide reasonable assurance that all transactions are being properly recorded in the accounting records.

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

Questioned Costs - None

Context - Not applicable

Effect - Lack of segregation of duties.

SCHEDULE OF FINDINGS
(Continued)

Lafourche Parish Drainage District No. 1

For the year ended December 31, 1999

Section II Financial Statement Findings (Continued)

99-1 (Continued)

Cause - Secretary/Treasurer performs conflicting duties.

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

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

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Lafourche Parish Drainage District No. 1

For the year ended December 31, 1999

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

Internal Control

98-1 **Recommendation** - We recommended that a second board member be involved in the financial affairs of the District by co-signing checks, review of bank statements and cancelled checks, and approving other significant financial matters.

Management's Response - Unresolved, see finding 99-1 in the accompanying schedule of findings.

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1998.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Drainage District No. 1 did not receive federal awards during the year ended December 31, 1998.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1998.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafourche Parish Drainage District No. 1

For the year ended December 31, 1998

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

Internal Control

99-1 **Recommendation** - We recommend that a second board member be involved in the financial affairs of the District by co-signing checks, reviewing bank statements and cancelled checks and approving other significant financial matters.

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

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1999.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Drainage District No. 1 did not receive federal awards during the year ended December 31, 1999.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1999.