

*Financial Report*

*Lafourche Parish Drainage District No. 1*

*Galliano, Louisiana*

*December 31, 2002*

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## Lafourche Parish Drainage District No. 1

December 31, 2002

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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 the 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, 2002, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 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, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 25, 2003 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Thibodaux, Louisiana,  
February 25, 2003.

**COMBINED BALANCE SHEET - GOVERNMENTAL FUND TYPES****Lafourche Parish Drainage District No. 1**

December 31, 2002

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
<b>ASSETS</b>				
<b>Assets</b>				
Cash	\$ 39,072	\$ 3,533	\$ -	\$ 42,605
Investments	749,000	-	-	749,000
Receivables - taxes	10,959	-	-	10,959
Due from other governmental units	144,987	-	-	144,987
Total assets	<u>\$ 944,018</u>	<u>\$ 3,533</u>	<u>\$ -</u>	<u>\$ 947,551</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,395			\$ 1,395
Deferred revenue	160,883			160,883
Total liabilities	162,278			162,278
<b>Equity</b>				
Fund balance - unreserved	781,740	3,533	-	785,273
Total liabilities and equity	<u>\$ 944,018</u>	<u>\$ 3,533</u>	<u>\$ -</u>	<u>\$ 947,551</u>

See notes to financial statements.

**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, 2002

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total (Memorandum Only)</u>
<b>Revenues</b>				
Taxes	\$ 114,991	\$ -	\$ -	\$ 114,991
Intergovernmental:				
State of Louisiana:				
State revenue sharing	14,819	-	-	14,819
Miscellaneous:				
Interest	<u>19,015</u>	<u>43</u>	<u>567</u>	<u>19,625</u>
Total revenues	<u>148,825</u>	<u>43</u>	<u>567</u>	<u>149,435</u>
<b>Expenditures</b>				
Current:				
General government:				
Ad valorem tax adjustment	2,081			2,081
Ad valorem tax deduction	<u>3,358</u>			<u>3,358</u>
Total general government	<u>5,439</u>			<u>5,439</u>
Public works:				
Personal services	14,856			14,856
Supplies and materials	324			324
Other services and charges	7,887			7,887
Repairs and maintenance	39,486			39,486
Capital expenditures	<u>34,450</u>			<u>34,450</u>
Total public works	<u>97,003</u>			<u>97,003</u>
Debt service:				
Principal retirement			50,000	50,000
Interest and fiscal charges			<u>1,491</u>	<u>1,491</u>
Total debt service			<u>51,491</u>	<u>51,491</u>
Total expenditures	<u>102,442</u>		<u>51,491</u>	<u>153,933</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	46,383	43	(50,924)	(4,498)
<b>Fund Balances</b>				
Beginning of year	715,608	3,490	70,673	789,771
Residual equity transfer	<u>19,749</u>	<u>-</u>	<u>(19,749)</u>	<u>-</u>
End of year	<u>\$ 781,740</u>	<u>\$ 3,533</u>	<u>\$ -</u>	<u>\$ 785,273</u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GOVERNMENTAL FUND TYPE - GENERAL FUND**

**Lafourche Parish Drainage District No. 1**

For the year ended December 31, 2002

	<u>Budget</u>	<u>Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Taxes	\$ 110,150	\$ 114,991	\$ 4,841
Intergovernmental:			
State of Louisiana:			
State revenue sharing	14,800	14,819	19
Miscellaneous:			
Interest	<u>33,000</u>	<u>32,538</u>	<u>(462)</u>
Total revenues	<u>157,950</u>	<u>162,348</u>	<u>4,398</u>
<b>Expenditures</b>			
Current:			
General government:			
Ad valorem tax adjustment	200	2,081	(1,881)
Ad valorem tax deduction	<u>2,000</u>	<u>3,358</u>	<u>(1,358)</u>
Total general government	<u>2,200</u>	<u>5,439</u>	<u>(3,239)</u>
Public works:			
Personal services	16,589	14,856	1,733
Supplies and materials	275	324	(49)
Other services and charges	6,515	7,887	(1,372)
Repairs and maintenance	72,500	39,486	33,014
Capital expenditures	<u>-</u>	<u>34,450</u>	<u>(34,450)</u>
Total public works	<u>95,879</u>	<u>97,003</u>	<u>(1,124)</u>
Total expenditures	<u>98,079</u>	<u>102,442</u>	<u>(4,363)</u>
<b>Excess of Revenues over Expenditures</b>	<u>\$ 59,871</u>	<u>\$ 59,906</u>	<u>\$ 35</u>

See notes to financial statements.

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

December 31, 2002

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Lafourche Parish Drainage District No. 1 (the District) conform to accounting principles generally accepted in the United States of America (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 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 on the next page 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.

**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. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2002 property taxes which are being levied to finance the 2003 budget will be recognized as revenue in 2003. The 2002 tax levy is recorded as deferred revenue in the District's 2002 financial statements. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Basis of Accounting (Continued)**

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.

**d) 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 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. 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 budget once during the year. All budgeted amounts, which are not expended, or obligated through contracts, lapse at year end.

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Fund Type - General Fund is presented on the budgetary basis to provide a comparison of actual results with the budget. The major difference between the GAAP basis and budgetary basis is that revenues from interest earnings are budgeted when withdrawn from the bank by the District and are recorded on the modified accrual basis for report purposes.

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 on the next page.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Operating Budgetary Data (Continued)**

	<b>Excess of Revenues Over Expenditures</b>
GAAP basis (as reported)	\$ 46,383
Adjustments:	
Revenues:	
Interest earnings credited to Certificates of Deposit by banks	13,523
Budgetary basis	\$ 59,906

**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.

**h) Vacation and Sick Leave**

The District has no full-time employees. There is no accumulated unpaid vacation and sick leave at December 31, 2002.

**i) Encumbrances**

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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j) Fund Equity**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

**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 any bank domiciled or having a branch office in State of 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.

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.

**Note 2 - DEPOSITS (Continued)**

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 balances of deposits are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$ 38,148	\$ -	\$ -	\$ 42,605
Investments:				
Certificates of deposit	<u>380,000</u>	<u>-</u>	<u>369,000</u>	<u>749,000</u>
Totals	<u>\$418,148</u>	<u>\$ -</u>	<u>\$369,000</u>	<u>\$791,605</u>

At December 31, 2002, 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, 2000. 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, 2002 was \$.83 per \$1,000 of assessed valuation on property within Drainage District No. 1 for the purpose of maintaining and operating drainage

**Note 3 - PROPERTY TAXES (Continued)**

works within the District. As indicated in Note 1c, taxes levied November 1, 2002 are for budgeted expenditures in 2003 and will be recognized as revenues in 2003.

**Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at December 31, 2002 consisted of the following:

State of Louisiana - State revenue sharing	\$ 9,873
Lafourche Parish Tax Collector - December, 2002 collections remitted to the District in January, 2003:	
Ad valorem taxes	<u>135,114</u>
Total	<u>\$144,987</u>

**Note 5 - FIXED ASSETS**

All fixed assets are purchased for and maintained by the Council; accordingly, these assets are recorded in records of the Council.

During the year ended December 31, 2002, the District purchased a mini-excavator for \$32,000 and a mini-excavator trailer for \$2,450.

**Note 6 - LONG-TERM DEBT**

The District, at the beginning of the year, had outstanding public improvement bonds totaling \$50,000, bearing interest of 4.63%. The bonds were paid April 1, 2002 primarily from ad valorem taxes.

**Note 7 – RESIDUAL EQUITY TRANSFER**

The residual equity transfer represents the District's net assets over liabilities in Debt Service Fund which was transferred into the General Fund, where upon these monies were used to finance current year capital expenditures.

**Note 8 - 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 9 - COMPENSATION OF BOARD MEMBERS**

The District did not pay per diem to any of its Board Members for the year ended December 31, 2002.

**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 the Lafourche Parish Drainage District No. 1 (the District) for the year ended December 31, 2002, appears on pages 1 and 2. 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, 2002 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, 2002, taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the balance sheets of Lafourche Parish Drainage District No. 1 as of December 31, 2001 and 2000, and the related statements of revenues, expenditures and changes in fund balance for each of the two years in the period ended December 31, 2001 (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, 2001 and 2000 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, Louisiana,  
February 25, 2003.

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

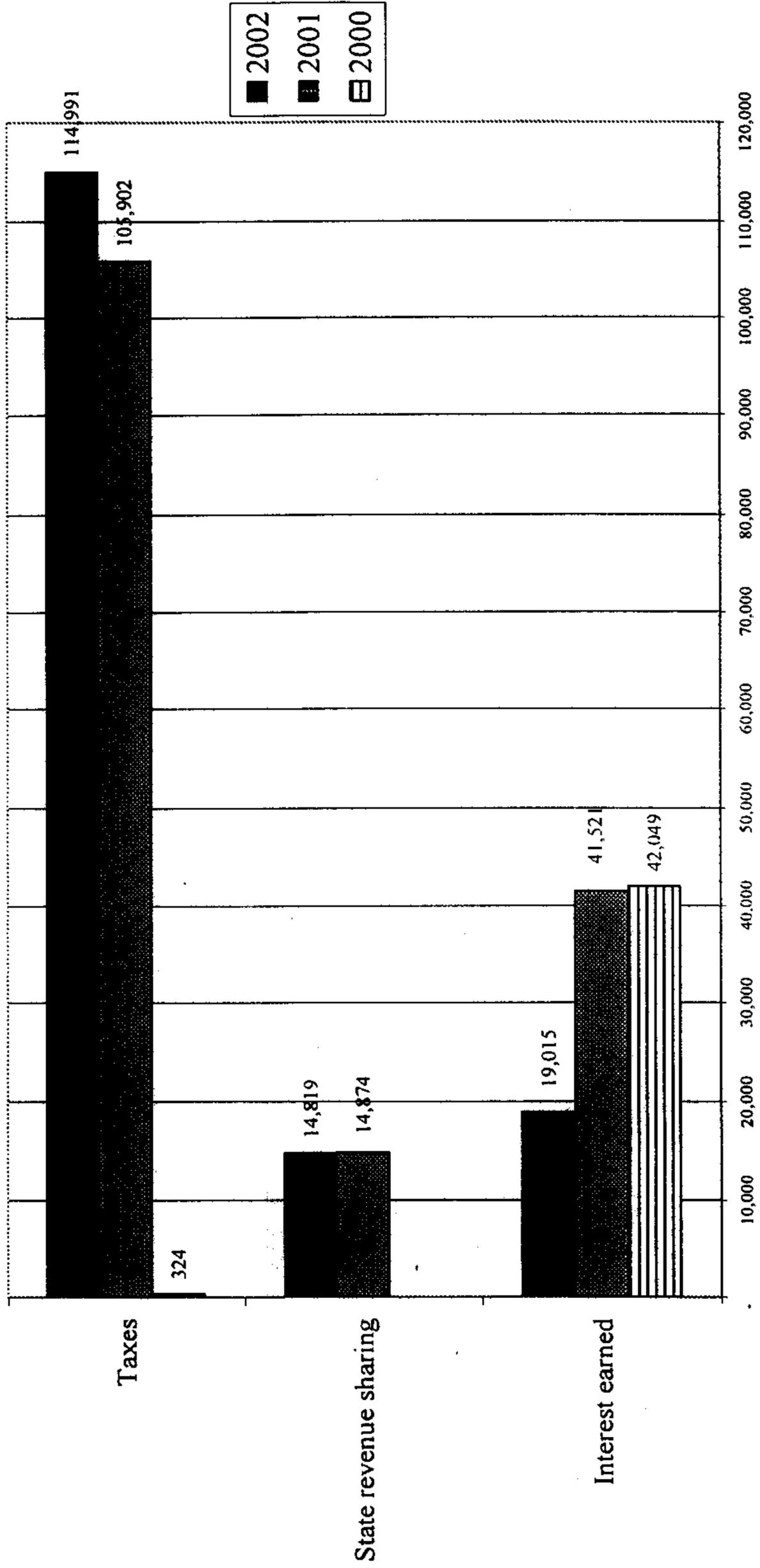
For the years ended December 31, 2002, 2001 and 2000

	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>Revenues</b>			
Taxes	\$ 114,991	\$ 105,902	\$ 324
State revenue sharing	14,819	14,874	-
Interest earned	<u>19,015</u>	<u>41,521</u>	<u>42,049</u>
Total revenues	<u>\$ 148,825</u>	<u>\$ 162,297</u>	<u>\$ 42,373</u>
<b>Expenditures</b>			
General government	\$ 5,439	\$ 8,993	\$ 746
Personal services	14,856	15,154	14,468
Supplies and materials	324	-	175
Other services and charges	7,887	16,159	16,624
Repairs and maintenance	39,486	42,080	20,651
Capital expenditures	<u>34,450</u>	<u>12,150</u>	<u>-</u>
Total expenditures	<u>\$ 102,442</u>	<u>\$ 94,536</u>	<u>\$ 52,664</u>

REVENUES - GENERAL FUND

Lafourche Parish Drainage District No. 1

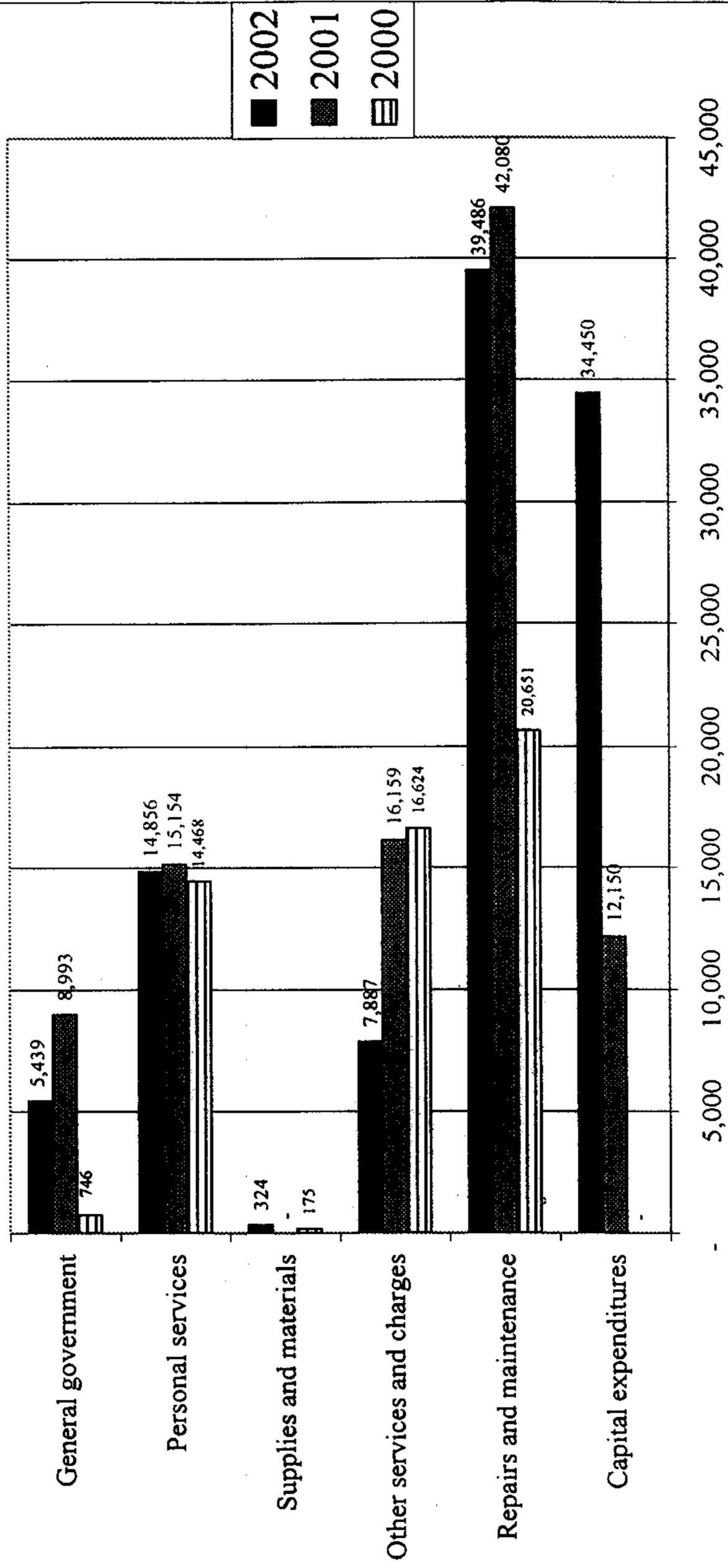
For the years ended December 31, 2002, 2001 and 2000



**EXPENDITURES - GENERAL FUND**

**Lafourche Parish Drainage District No. 1**

For the years ended December 31, 2002, 2001 and 2000



**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, 2002, and have issued our report thereon dated February 25, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the 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 02-1.

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, Louisiana,  
February 25, 2003.

## SCHEDULE OF FINDINGS

### Lafourche Parish Drainage District No. 1

For the year ended December 31, 2002

#### 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, 2002.

#### Section II Financial Statement Findings

##### Internal Control

02-1 **Criteria** - Internal controls should be in place that provides 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, 2002

**Section II Financial Statement Findings (Continued)**

02-1 (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.

**Views of Responsible officials of the Auditee when there is Disagreement with the Finding, to the Extent Practical** - None.

Compliance

No material weaknesses were noted during the audit for the year ended December 31, 2002.  
No reportable conditions were noted during the audit for the year ended December 31, 2002.

**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, 2002

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

##### **Internal Control**

01-1 **Recommendation** - We recommended 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** - Unresolved, see finding 02-1 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, 2001.

#### **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, 2001.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2001.

# MANAGEMENT'S CORRECTIVE ACTION PLAN

## **Lafourche Parish Drainage District No. 1**

For the year ended December 31, 2002

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

#### **Internal Control**

02-1 **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, 2002.

### **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, 2002.

### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2002.