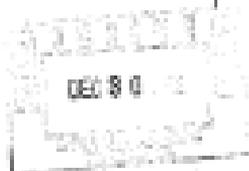


LOUISIANA DEPARTMENT OF AGRICULTURE AND FORESTRY
AUDIT DIVISION



MATCHITOCHES SOIL AND WATER CONSERVATION DISTRICT
MATCHITOCHES, LOUISIANA

REPORT NO. 02-35-28

RECEIVED
LEGISLATIVE AUDITOR
02 SEP 29 04 11:30

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 10/20/04

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

LOUISIANA DEPARTMENT OF AGRICULTURE AND FORESTRY
AUDIT DIVISION

REPORT NO. 82-38-38

NATCHITOCHEE SOIL AND WATER CONSERVATION DISTRICT
NATCHITOCHEE, LOUISIANA

TABLE OF CONTENTS

	PAGE
AUDITOR'S AUDIT REPORT	1
AUDITOR'S REPORT OF COMPLIANCE WITH STATE LAWS AND REGULATIONS	2
EXHIBITS	
A. COMBINED BALANCE SHEET- ALL FUND TYPES AND ACCOUNT GROUPS	3
B. STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE	4
NOTES TO THE FINANCIAL STATEMENTS	6
SUPPLEMENTAL INFORMATION SCHEDULE:	
A. PER DIEM MILEAGE PAID TO SUPERVISORS FOR THE YEAR ENDED	10

LOUISIANA DEPARTMENT OF AGRICULTURE AND FORESTRY
AUDIT DIVISION

December 27, 2002

Board of Supervisors
Natchitoches Soil and Water Conservation District
6040 Highway 1 Bypass
Natchitoches, Louisiana 71457

Gentlemen:

We have audited the accompanying Balance Sheet of the Natchitoches Soil and Water Conservation District, as of June 30, 2002, and the related Statements of Revenue, Expenditures and Changes in Fund Balance for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects the financial position of the Natchitoches Soil and Water Conservation District as of June 30, 2001, and the results of its operations and changes in its fund balance for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Sincerely,



Mark A. Tillman
Audit Director

MAT: bt

cc. State Soil and Water Conservation Committee
Legislative Auditor

LOUISIANA DEPARTMENT OF AGRICULTURE AND FORESTRY
AUDIT DIVISION

REPORT NO. 02-38-28

REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Management of the Natchitoches Soil and Water Conservation District is responsible for the District's compliance with state and local regulations. As part of our audit, we selected and tested transactions and records to determine the extent to which the Natchitoches Soil and Water Conservation District complied with material laws and regulations of the State of Louisiana.

Our testing of transactions and records disclosed the following instance of noncompliance:

District expenditures for the FYE 6/30/02 was in excess of the approved budget.

Exhibit A.

Audited Combined Balance Sheet

	General Fund	Gen. Fund Asset Group	Fund Balance 2001	Fund Balance 2001
ASSETS				
Cash	\$11,438.78		\$11,438.78	\$8,898.00
Petty Cash	\$0.00		\$0.00	\$0.00
Accounts Receivable	\$0.00		\$0.00	\$0.00
Money Market	\$0.00		\$0.00	\$0.00
Certificate Of Deposit	\$48,578.00		\$48,578.00	\$44,468.07
Savings	\$2,987.00		\$2,987.00	\$8,847.71
Prepaid Insurance	\$80.00		\$80.00	\$80.00
Prepaid Maintenance	\$0.00		\$0.00	\$0.00
Furniture & Equipment		\$25,783.70	\$25,783.78	\$25,783.70
TOTAL ASSETS	\$64,018.83	\$25,783.70	\$68,962.38	\$81,647.58
LIABILITIES				
Accounts Payable	\$0.00		\$0.00	\$0.00
Accrued Salaries	\$581.44		\$581.44	\$440.80
Accrued FICA	\$45.25		\$45.25	\$70.81
Accrued Retirement	\$0.00		\$0.00	\$0.00
Accrued Leave	\$447.95		\$447.95	\$113.08
Due to LDDAF	\$0.00		\$0.00	\$0.00
TOTAL LIABILITIES	\$1,074.64	\$0.00	\$1,074.64	\$657.69
FUND EQUITY				
Fund Bal.-Res.-Group Insurance	\$268.00		\$268.00	(\$28.04)
Fund Bal.-Res.-Other Insurance	\$80.00		\$80.00	\$80.00
Fund Bal.-Res.-Maintenance	\$0.00		\$0.00	\$0.00
Fund Bal.-Unreserved	\$61,890.13		\$61,898.13	\$58,285.53
Investments in G. F. A.		\$25,783.70	\$25,783.78	\$25,783.78
TOTAL FUND EQUITY	\$62,038.13	\$25,783.70	\$68,717.75	\$81,089.75
TOTAL LIABILITIES & FUND EQUITY	\$64,018.83	\$25,783.70	\$68,962.38	\$81,647.58

The accompanying notes are an integral part of this statement.

EXHIBIT D

**STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE**

	GENERAL FUND 2001	GENERAL FUND 2001
REVENUE		
Ann Meeting	\$0.00	\$0.00
Calendar Sales	\$0.00	\$600.00
Equipment Rentals	\$15.00	\$0.00
Interest	\$2,200.07	\$1,370.00
Local Funds	\$0.00	\$0.00
Miscellaneous	\$0.00	\$200.00
Rent	\$2,128.00	\$0.00
Self-Support	\$625.00	\$0.00
Seedings	\$6,494.21	\$4,872.21
Special Project	\$70,000.00	\$13,000.00
State Funds	\$69,774.40	\$33,812.00
Taxes	\$0.00	\$0.00
TOTAL REVENUE	\$73,672.00	\$49,954.21
EXPENDITURES		
Annual Report	\$0.00	\$0.00
Ann Meeting	\$188.07	\$88.07
Annals/Calendar/Promotions	\$1,520.00	\$1,000.00
Bank Charges	\$40.00	\$0.00
Board/Meeting/oyer Item	\$1,400.00	\$1,660.00
Board Meetings/airfare	\$600.00	\$607.28
Contracts	\$0.00	\$707.10
Costs & Subscriptions	\$400.00	\$1,475.00
Equipment	\$1,715.40	\$8,498.00
Field Supplies	\$1,500.00	\$8,128.00
Insurance-group health	\$110.00	\$1,500.00
Insurance-offer	\$388.00	\$0.00
Insurance-unemployment	\$95.00	\$75.00
Maintenance & Repairs	\$113.13	\$0.00
Miscellaneous	\$388.71	\$0.00
Office Supplies	\$997.00	\$1,000.00
Postage	\$308.30	\$300.00
Rent	\$0.00	\$0.00
Salaries	\$0.00	\$0.00
Salaries	\$21,763.00	\$20,410.00
FICA	\$1,094.81	\$1,000.00
Seed	\$3,143.28	\$0.00
Seedings	\$35,467.40	\$1,201.00
Self-Support	\$198.00	\$0.00
Telephone	\$1,648.83	\$1,474.87
Taxes	\$1,821.14	\$691.04
Utilities	\$82.81	\$383.26
TOTAL EXPENDITURES	\$67,002.00	\$47,000.00
Excess (deficiency) of Revenue over Expenditures	\$6,670.00	\$2,954.21

The accompanying notes are an
integral part of this statement.

EXHIBIT C

STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE

	GENERAL FUND 2000	GENERAL FUND 2001
Fund Balance Unreserved (Beginning of the year)	\$48,360.00	\$48,400.00
Excess (deficiency) of Revenue over Expenditures	\$6,437.10	\$7,800.18
Less: Prior Period Adjustment	\$782.47	\$1,780.42
Less: Encumbr., B. -Reserved for Other Insurance	\$0.00	\$0.00
Less: Encumbr., B. -Reserved for Maintenance	\$0.00	\$0.00
Fund Balance Unreserved (End of the Year)	\$51,895.13	\$53,299.56

OTHER FINANCING SOURCES

Fund Balance Reserved for Group Insurance (Beg. Balance)	(\$28.54)	(\$21.44)
Plus: Paid in by Supervisors	\$12,000.00	\$11,000.00
Less: Paid-out by District	(\$11,070.00)	(\$11,000.14)
Less: Prior Period Correction	\$0.00	\$0.00

Fund Balance Reserved for Group Insurance (Ending Balance)	\$0.00	(\$28.54)
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Fund Balance Reserved for Other Insurance (beg. Balance)	\$0.00	\$0.00
Plus: Payouts	\$200.00	\$0.00
Less: Paid-out	(\$200.00)	(\$0.00)

Fund Balance Reserved for Other Insurance (Ending Balance)	\$0.00	\$0.00
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Fund Balance Reserved for Maintenance (beg. Balance)	\$0.00	\$0.00
Plus: Payouts	\$215.12	\$0.00
Less: Paid-out	(\$215.12)	\$0.00

Fund Balance Reserved for Maintenance (Ending Balance)	\$0.00	\$0.00
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The accompanying notes are an
integral part of this statement.

LOUISIANA DEPARTMENT OF AGRICULTURE AND FORESTRY
AUDIT DIVISION

REPORT NO. 02-38-28

NATCHITOCHES SOIL AND WATER CONSERVATION DISTRICT

NATCHITOCHES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana Legislature created the Natchitoches Soil and Water Conservation District. The District primarily assists farmers and other land users in the wise use of their lands and the prevention of erosion of farm and urban land and the pollution of waters in the state. The governing board of supervisors administers the operations and responsibilities of the District in accordance with Louisiana Statutes. The board is comprised of five members.

In April 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November, 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification and subsequent pronouncements are recognized as generally accepted accounting principles for state and local governments.

The financial statements of the Natchitoches Soil and Water Conservation District are prepared in accordance with the standards established by the GASB. GASB Codification Section 2100 established criteria for determining the governmental reporting entity to be the Natchitoches Soil and Water Conservation District. The accompanying statements present information only as to the transactions of the District.

A. FUND ACCOUNTING

The financial statements of the Natchitoches Soil and Water Conservation District

LOUISIANA DEPARTMENT OF AGRICULTURE AND FORESTRY
AUDIT DIVISION

REPORT NO. 02-34-28

are presented as if the accounts were organized on the basis of funds and account groups, each of which would be considered a separate accounting entity. Since the District has no financial resources, which are required to be accounted for in other funds, only a general operating fund was used.

B. FIXED ASSETS

Fixed assets used in the governmental fund type operations are accounted for in the General Fixed Assets account group, rather than the Governmental Fund. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

This account group is not a "fund." It is concerned with the measurement of financial position, not with measurement of operations.

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The records are maintained on a cash basis and the accompanying financial statements have been converted to a modified accrual basis of accounting using the following practices:

(1) Revenue

State Funds are recorded when the District is entitled to the funds.

Newsletter sponsors and equipment rental are recorded in the year earned.

Interest income on time deposits is recorded when the deposits have matured and the income is available.

LOUISIANA DEPARTMENT OF AGRICULTURE AND FORESTRY
AUDIT DIVISION

REPORT NO. 82-38-28

Rents and royalties are recorded in the year earned.

Subsequently all other revenues are recorded when received.

(2) Expenditures

Expenditures were recognized in the accounting period in which the liabilities are both measurable and incurred.

D. BUDGETARY PRACTICES

A budget was submitted to the Office of Soil and Water Conservation, Louisiana Department of Agriculture and Forestry. State funding for the year was based upon the allocation procedures established in the program rules and regulations.

E. ANNUAL AND SICK LEAVE

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. Unused annual and sick leave accumulates without limit. The number of hours of unused annual leave for which an employee may receive a lump sum payment upon termination from District employment may not exceed 300 hours.

At June 30, 2002 (fiscal close), the Natchitoches Soil and Water Conservation District had accumulated and vested \$447,995, in leave privileges, required to be accrued under SFAS 43. Current year expenditures for salary and leave privileges total \$21,700.99.

**F. PENSION PLAN
SOCIAL SECURITY BENEFITS**

Substantially all employees of the Natchitoches Soil and Water Conservation District

LOUISIANA DEPARTMENT OF AGRICULTURE AND FORESTRY
AUDIT DIVISION

REPORT NO. 02-08-28

are members of the Social Security System. The Employee contribution was 7.65% of gross salary from July 1, 2001, through June 30, 2002. The District contributed an additional 7.65% of gross salary from July 1, 2001, through June 30, 2002. The District does not guarantee the benefits granted by the Social Security System.

2. CHANGES IN GENERAL FIXED ASSETS

The General Fixed Assets of the Natchitoches Soil and Water Conservation District remained the same for the year ended June 30, 2002.

LOUISIANA DEPARTMENT OF AGRICULTURE AND FORESTRY
AUDIT DIVISION

REPORT NO. 02-28-29

4. COMPENSATION PAID TO BOARD MEMBERS

The schedule of compensation paid to the Natchitoches Soil and Water Conservation District Supervisors is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the Natchitoches Soil and Water Conservation District Supervisors is included in the general administrative expenditures of the General Fund. Members of the governing board receive compensation pursuant to Louisiana Revised Statute 3:1207.

PER DIEM/LEIAGE PAID TO BOARD MEMBERS
FOR THE YEAR ENDING JUNE 30, 2002

BOARD MEMBER	MEETINGS REIMBURSED	PER DIEM	LEIAGE	TOTAL AMOUNT
Gary Anderson	12	\$ 420.00	\$193.32	\$ 613.32
Sidney Evans	9	\$ 315.00	\$ 37.60	\$ 352.60
George Lynn	10	\$ 350.00	\$177.60	\$ 527.60
N. Y. Stewart	9	\$ 315.00	\$107.20	\$ 422.20
Jimmy Wilkins	12	\$ 420.00	\$164.68	\$ 584.68
	TOTALS	\$1,820.00	\$680.60	\$2,500.60

TOTAL NUMBER OF BOARD MEETINGS DURING THE YEAR WAS 12.



LOUISIANA DEPARTMENT OF AGRICULTURE & FORESTRY
 BOB ODOM, COMMISSIONER



STATE OF LOUISIANA
 DEPARTMENT OF AGRICULTURE & FORESTRY
 61 SEP 29 09:11:30

January 13, 2003

INVESTIGATIVE
 DEPUTY COMMISSIONER

Mr. George Lynn
 Chairman Natchitoches SWCD
 9349 Hwy 1 Bypass
 Natchitoches, LA 71457

ASSISTANT
 COMMISSIONER

AGRICULTURE &
 FORESTRY SERVICES
 District Manager, 11
 P.O. Box 2680
 Baton Rouge, LA 70821
 (504)387-1476
 Fax: (504)387-1474

Dear Mr. Lynn:

AGRICULTURE &
 FORESTRY SERVICES
 District Manager, 11
 P.O. Box 2680
 Baton Rouge, LA 70821
 (504)387-1476
 Fax: (504)387-1474

Attached is the Natchitoches Soil and Water Conservation District Audit Report for the year ending June 30, 2002. Please be advised that during this audit the state auditor found the following finding. This is the second time the District had this finding:

AGRICULTURE &
 FORESTRY SERVICES
 State Office
 P.O. Box 1981
 Baton Rouge, LA 70801
 (504)387-1476
 Fax: (504)387-1474

(1) The district expenditures were in excess of the approved district budget for FYE June 30, 2002. State law requires that the budget include all funds to be expended by the District and the total expenditures of the District may NOT exceed the total amount budgeted. Your district budgeted only \$59,746.00 but expended \$67,032.90.

AGRICULTURE &
 FORESTRY SERVICES
 District Manager, 11
 P.O. Box 1928
 Baton Rouge, LA 70801
 (504)387-1476
 Fax: (504)387-1474

Your immediate attention to correcting this finding is requested. Appropriate action must be taken by the district board to ensure that this violation will not recur. If your district needs assistance or special guidance in preparing and revising the district annual budget, please contact this office. The corrective action taken by the district board must be noted in the district board minutes. Also, provide this office in writing within 45 days the action taken by the Natchitoches Soil and Water Conservation Board that will ensure that there will be no recurrence of this finding.

AGRICULTURE &
 FORESTRY SERVICES
 District Manager, 11
 P.O. Box 2681
 Baton Rouge, LA 70821
 (504)387-1476
 Fax: (504)387-1474

Sincerely,

AGRICULTURE &
 FORESTRY SERVICES
 District Manager, 11
 P.O. Box 2684
 Baton Rouge, LA 70821
 (504)387-1476
 Fax: (504)387-1474

Mackey G. Gilmer
 Executive Director

AGRICULTURE &
 FORESTRY SERVICES
 District Manager, 11
 P.O. Box 2685
 Baton Rouge, LA 70821
 (504)387-1476
 Fax: (504)387-1474

SEE IN
 Attachment
 cc: Bonnie Tate

February 18, 2003

Bradley E. Spicer
 Executive Director
 Office of Soil and Water Conservation
 P.O. Box 3554
 Baton Rouge, LA 70821



Dear Mr. Spicer:

The Natchitoches Soil and Water Conservation District Board of Supervisors have made the adjustments to the Operation Budget and will make sure this finding does not occur again. We will, as required by PPS-634, review the budget on a monthly basis to ensure that the district operates within the guidelines of the State Committee and within Louisiana State Law. Any funds that are deposited in the district account will be included in the district's annual and operating budget.

If you should have any questions or need any more information please contact me.

Sincerely,

"/s/ George H. Lynn"
 George H. Lynn

Date: 02/28/03