

Financial Report
Lafourche Parish Drainage District No. 1
Galliano, Louisiana
For the year ended December 31, 2008

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 7/22/09

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Lafourche Parish Drainage District No. 1

For the Year Ended December 31, 2008

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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 financial statements of the governmental activities and the General Fund 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, 2008, which collectively comprise the District's financial statements as listed in the table of contents. 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.

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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of Lafourche Parish Drainage District No. 1, as of December 31, 2008, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued our report dated May 7, 2009 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 6 is not a required part of the financial statement but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
May 7, 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lafourche Parish Drainage District No. 1

The Management's Discussion and Analysis of the Lafourche Parish Drainage District No. 1's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2008. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2008 by \$1,181,486 (net assets), which represents an 20.87% increase from last fiscal year.

The District's revenue decreased \$146,658 (or 34.53%) primarily due to the completion of a drainage project with intergovernmental grants.

The District's expenses decreased \$291,305 (or 79.73%) due to the completion of the same drainage project described above.

The District did not have a deficit fund balance as of December 31, 2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's annual report consists of three parts: (1) management's discussion and analysis (this section) (2) financial statements (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the District:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District's net assets change during

each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is public works which is comprised of providing drainage improvements throughout Drainage District No. 1 in Lafourche Parish.

Capital assets purchased by the District for the purpose of maintaining and improving drainage within the District are operated and maintained by the Lafourche Parish Council. Those assets are accounted for by the Lafourche Parish Council, accordingly purchases of such capital assets are reported by the District as intergovernmental expenses.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. At the end of December 31, 2008, the District has one governmental fund, the General Fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one individual governmental fund, the General Fund, at December 31, 2008. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 7 - 11 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provide in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. As of December 31, 2008, assets exceeded liabilities by \$1,181,486.

Condensed Statements of Net Assets

	December 31,		Dollar Change
	2008	2007	
Current and other assets	\$ 1,455,288	\$ 1,212,841	\$ 242,447
Current liabilities	273,802	235,346	38,456
Net Assets - unrestricted	<u>\$ 1,181,486</u>	<u>\$ 977,495</u>	<u>\$ 203,991</u>

Investments, \$1,072,121, represent 73.67% of total assets and are comprised of certificates of deposit. Receivables related to ad valorem taxes and state revenue sharing for taxes assessed in November 2008 total \$276,421 or 18.99% of total assets. The District's other assets, \$106,746 consist of cash and interest receivable. Cash, investments and receivables are assets available for spending.

Governmental Activities

Governmental activities increased the District's net assets by \$203,991. Key elements of this increase are as follows:

Condensed Changes in Net Assets

	2008	2007	Change	Change
Revenues:				
Ad valorem taxes	\$ 215,884	\$ 161,910	\$ 53,974	33.34%
Intergovernmental	15,887	225,040	(209,153)	-92.94%
Miscellaneous	46,266	37,745	8,521	22.58%
Total revenues	<u>278,037</u>	<u>424,695</u>	<u>(146,658)</u>	<u>-34.53%</u>
Expenses:				
General government	12,176	8,662	3,514	40.57%
Public works	39,370	74,951	(35,581)	-47.47%
Intergovernmental	22,500	281,738	(259,238)	-92.01%
Total expenses	<u>74,046</u>	<u>365,351</u>	<u>(291,305)</u>	<u>-79.73%</u>
Increase in net assets	203,991	59,344	144,647	243.74%
Net assets beginning of year	977,495	918,151	59,344	6.46%
Net assets end of year	<u>\$ 1,181,486</u>	<u>\$ 977,495</u>	<u>203,991</u>	<u>20.87%</u>

For the most part, the decrease in revenue and expenses is related to the district having less revenue and expenses following the completion of the West 25th Street Drainage Improvement Project.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental fund, the General Fund, reported ending fund balance of \$1,170,959, a increase of \$202,003 in comparison with the prior year and is available for spending at the District's discretion.

General Fund Budgetary Highlights

The budget was amended one time during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- The District decreased ad valorem revenue due to the anticipation of less taxes being collected.

Expenditures

- The District decreased professional fees and repairs and maintenance due to fewer projects and repairs being performed than anticipated.

During the year, revenues and expenditures exceeded budgetary estimates, and expenditures were less than budgetary estimates.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2008 assessment, which the District will receive, for the most part, in January 2009.
- Salaries are based on the actual personnel needed to conduct the District's services.
- Significant repairs and maintenance expenditures are planned for roads, levees and pump stations.
- Equipment costs are budgeted should large equipment be needed.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Commissioners of the Lafourche Parish Drainage District No. 1, Galliano, Louisiana 70354.

**STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET**

Lafourche Parish Drainage District No. 1

December 31, 2008

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash	\$ 96,219		\$ 96,219
Investments	1,072,121		1,072,121
Receivables			
Taxes	32,101		32,101
Interest	-	\$ 10,527	10,527
Due from other governmental units	244,320	-	244,320
	<u>\$ 1,444,761</u>	<u>10,527</u>	<u>1,455,288</u>
Liabilities			
Accounts payable	\$ 75	-	75
Unearned revenue	273,727	-	273,727
	<u>273,802</u>	<u>-</u>	<u>273,802</u>
Fund Balance/Net Assets			
Fund balance - unreserved	1,170,959	(1,170,959)	-
	<u>\$ 1,444,761</u>		
Net assets - unrestricted		<u>1,181,486</u>	<u>1,181,486</u>
Total net assets		<u>\$ 1,181,486</u>	<u>\$ 1,181,486</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

Lafourche Parish Drainage District No. 1

December 31, 2008

Fund Balance - Governmental Fund	\$ 1,170,959
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
 <i>Other assets used in governmental activities and, therefore, are not reported in governmental funds.</i>	
<i>Accrued interest</i>	10,527
 Net Assets of Governmental Activities	 \$ 1,181,486

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

Lafourche Parish Drainage District No. 1

For the year ended December 31, 2008

	<u>General</u>	<u>Adjustments</u>	<u>Statement of Activiites</u>
Revenues			
Taxes	\$ 215,884		\$ 215,884
Intergovernmental:			
State of Louisiana:			
State revenue sharing	15,887		15,887
Miscellaneous:			
Interest	44,278	\$ 1,988	46,266
Total revenues	<u>276,049</u>	<u>1,988</u>	<u>278,037</u>
Expenditures			
Current:			
General government:			
Ad valorem tax adjustment	3,730	-	3,730
Ad valorem tax deduction	8,446	-	8,446
Total general government	<u>12,176</u>	<u>-</u>	<u>12,176</u>
Public works:			
Personal services	15,267	-	15,267
Supplies and materials	40	-	40
Other services and charges	15,227	-	15,227
Repairs and maintenance	8,836	-	8,836
Intergovernmental	22,500	-	22,500
Total public works	<u>61,870</u>	<u>-</u>	<u>61,870</u>
Total expenditures/expenses	<u>74,046</u>	<u>-</u>	<u>74,046</u>
Net Change in Fund Balance	202,003	(202,003)	-
Change in Net Assets	-	203,991	203,991
Fund Balance/Net Assets			
Beginning of year	968,956	8,539	977,495
End of year	<u>\$ 1,170,959</u>	<u>\$ 10,527</u>	<u>\$ 1,181,486</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

Lafourche Parish Drainage District No. 1

For the year ended December 31, 2008

Net Change in Fund Balance - Governmental Fund	\$ 202,003
Amounts reported for governmental activities in the statement of activities are different because:	
Other assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	
Increase in accrued interest	<u>1,988</u>
Change in Net Assets of Governmental Activities	<u>\$ 203,991</u>

See notes to financial statements.

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

Lafourche Parish Drainage District No. 1

For the year ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 205,000	\$ 189,000	\$ 215,884	\$ 26,884
Intergovernmental:				
State of Louisiana:				
State revenue sharing	15,000	15,888	15,887	(1)
Miscellaneous:				
Interest	20,000	16,000	44,278	28,278
Total revenues	<u>240,000</u>	<u>220,888</u>	<u>276,049</u>	<u>55,161</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	2,000	2,000	3,730	(1,730)
Ad valorem tax deduction	9,000	9,000	8,446	554
Total general government	<u>11,000</u>	<u>11,000</u>	<u>12,176</u>	<u>(1,176)</u>
Public works:				
Personal services	14,856	15,200	15,267	(67)
Supplies and materials	500	25	40	(15)
Other services and charges	99,644	12,600	15,227	(2,627)
Repairs and maintenance	105,000	40,000	8,836	31,164
Intergovernmental	-	-	22,500	(22,500)
Total public works	<u>220,000</u>	<u>67,825</u>	<u>61,870</u>	<u>5,955</u>
Total expenditures	<u>231,000</u>	<u>78,825</u>	<u>74,046</u>	<u>4,779</u>
Net Change in Fund Balance	9,000	142,063	202,003	59,940
Fund Balance				
Beginning of year	849,311	996,175	968,956	(27,219)
End of year	<u>\$ 858,311</u>	<u>\$ 1,138,238</u>	<u>\$ 1,170,959</u>	<u>\$ 32,721</u>

See notes to financial statements.

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

December 31, 2008

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) Basis of Presentation

The District's financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily accounts and operations of the District continue to be organized on the basis

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) **Basis of Presentation** (continued)

of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The governmental fund of the District is:

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.

c) **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting. Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). 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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (continued)

taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2008 property taxes which are being levied to finance the 2009 budget will be recognized as revenue in 2009. The 2008 tax levy is recorded as deferred revenue in the District's 2008 financial statements. Charges for services are recorded when earned since they are measurable and available. 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. Allocations of cost such as depreciation are not recognized in the governmental funds.

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 Statute 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 General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2008.

i) Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. At December 31, 2008 the District had no capital assets or outstanding borrowings.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Fund Equity (continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2008 and for the year then ended, the District did not have or receive restricted net assets.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

j) Intergovernmental Expenditures

Intergovernmental expenditures represent capital outlay for infrastructure and equipment to be operated, maintained and accounted for by the Lafourche Parish Council for the purposes of improving and maintaining drainage within District No. 1.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

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)

The year end balances of deposits are as follows:

	Bank Balance	Reported Amount
Cash	\$ 98,065	\$ 96,219
Investments:		
Certificates of deposit	1,072,121	1,072,121
Totals	\$ 1,170,186	\$ 1,168,340

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2008, \$124,650 of the District's bank balance of \$1,170,186 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

At December 31, 2008, certificates of deposits were adequately collateralized in accordance with state law 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 subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, 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.

Note 3 - PROPERTY TAXES (Continued)

The last reevaluation was completed for the list of January 1, 2004. 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, 2008 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. As indicated in Note 1c, taxes levied November 1, 2008 are for budgeted expenditures in 2009 and will be recognized as revenues in 2009.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2008 consisted of the following:

State of Louisiana - State revenue sharing	\$ 15,666
Lafourche Parish Tax Collector - December, 2008 collections remitted to the District in January, 2009:	
Ad valorem taxes	<u>228,654</u>
Total	<u>\$ 244,320</u>

Note 5 - CAPITAL ASSETS

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

Note 6 - 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 7 - COMPENSATION OF BOARD MEMBERS

The District did not pay per diem to any of its Board Members for the year ended December 31, 2008.

Note 8 - CONTINGENCIES

In September 2008, Hurricanes Gustav and Ike struck south Louisiana. At the present time management does not have an estimate of the net cost of repair and recovery efforts. However, management believes Hurricane relief and recovery efforts will not have a material impact on the District's operations.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
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 financial statements of the governmental activities and the General Fund 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, 2008, which collectively comprise District's financial statements and have issued our report thereon dated May 7, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and which is described in the accompanying schedule of findings and responses as item 08-01.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe the significant deficiency described above is a material weakness. We, also, noted certain matters that we reported to management of the District in a separate letter dated May 7, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards, which is described in the Schedule of Findings and Responses as item 08-02.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor for the State of Louisiana and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 7, 2009.

SCHEDULE OF FINDINGS AND RESPONSES

Lafourche Parish Drainage District No. 1

For the year ended December 31, 2008

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? | <u>X</u> | yes | ___ | no |
| • Significant deficiency (ies) identified that are not considered to be material weaknesses? | ___ | yes | <u>X</u> | no |
| Noncompliance material to financial statements noted? | <u>X</u> | yes | ___ | no |

b) Federal Awards

Lafourche Parish Drainage District No. 1 did not expend federal awards during the year ended December 31, 2008.

Section II Financial Statement Findings

Internal Control Over Financial Reporting

08-01 Criteria – Effective internal controls requires that an entity have staffing with the technical expertise, knowledge, and available time to prepare financial statements and all disclosures in accordance with generally accepted accounting principles as part of its control process.

Condition – Management lacks the qualifications necessary to prepare financial statements and all disclosures in accordance with generally accepted accounting principles. Possessing suitable skills, knowledge, and experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge that the expertise required to prepare the statements and all disclosures.

SCHEDULE OF FINDINGS AND RESPONSES

(Continued)

Lafourche Parish Drainage District No. 1

For the year ended December 31, 2008

Section II Financial Statement Findings (Continued)

Internal Control Over Financial Reporting (Continued)

08-01 (Continued)

Context – Systematic.

Effect – Lafourche Parish Drainage District No. 1 has a recognized deficiency in its internal control.

Cause – Lafourche Parish Drainage District No. 1 has not determined a need for staff possessing the required technical expertise.

Recommendation – We recommend Lafourche Parish Drainage District No. 1 consider the need for having personnel with the technical expertise and knowledge to prepare financial statements and all disclosures in according with generally accepted accounting principles.

Compliance and Other Matters

08-02 **Criteria** – Louisiana Revised Statute 39:1212 requires that deposits are made in a timely manner.

Condition – The District is not depositing checks received in a reasonable time after they are received. Furthermore, Lafourche Parish Sheriff's Office check number 7280 for \$2,645.96 is lost and must be reissued

Questioned Costs – None

Context – Systematic

SCHEDULE OF FINDINGS AND RESPONSES

(Continued)

Lafourche Parish Drainage District No. 1

For the year ended December 31, 2008

Section II Financial Statement Findings (Continued)

Compliance and Other Matters (continued)

08-02 (Continued)

Effect – The District is not in compliance with state law.

Cause – The District receives checks and frequently does not deposit them in a reasonable amount of time.

Recommendation – We recommend that the District comply with State budget laws by depositing checks shortly after being received.

Views or Responsible Officials of the Auditee when there is a Disagreement with the Findings, to the Extent Practical – None

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Lafourche Parish Drainage District No. 1

For the year ended December 31, 2008

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

07-01 Recommendation – We recommend the District consider the need for having personnel with the technical expertise and knowledge to prepare financial statements and all disclosures in accordance with generally accepted accounting procedures.

Management's Response – Management does not consider the benefit of this recommended improvement to outweigh the cost of implementation. Unresolved. See 08-1.

Compliance

07-02 Recommendation – We recommend that the District comply with the state budget laws by amending its budget to ensure actual expenditures not exceed budgeted expenditures by five percent or more.

Management's Response – Management has amended the budget in a manner that actual expenses or revenues do not exceed budgeted revenues or expenses by five percent or more. Resolved.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Drainage District No. 1 did not expend federal awards during the year ended December 31, 2007.

Section III Management Letter

07-01 Recommendation - We recommend that a board member be involved in the financial affairs of the District by reviewing bank statements and cancelled checks.

Management's Corrective Action - The Secretary/Treasurer report to the Board monthly on all financial activities. All significant financial matters are approved by the Board prior to disbursement of funds. Unresolved, see 08-03.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafourche Parish Drainage District No. 1

For the year ended December 31, 2008

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control Over Financial Reporting

08-01 Recommendation – Management should consider the need for having personnel with technical expertise and knowledge to prepare financial statements and disclosure in accordance with generally accepted accounting principles.

Management's Response – Management does not consider the benefit of this recommended improvement to outweigh the cost of implementation.

Compliance and Other Matters

08-02 Recommendation - Management should begin to make timely deposits after checks are received in order to be in compliance with state law.

Management' Response – Management has been informed that deposits are not being made in a timely manner and will monitor the timeliness of deposits made by the Secretary/Treasurer.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Drainage District No. 1 did not expend federal awards during the year ended December 31, 2008.

Section III Management Letter

08-03 Recommendation – We recommend that a board member be involved in the financial affairs of the District by reviewing bank statements and cancelled checks.

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

(Continued)

Lafourche Parish Drainage District No. 1

For the year ended December 31, 2008

Section III Management Letter (Continued)

08-04 Recommendation – We recommend that the District's financial records be reconciled each month to the monthly bank statement. In addition, we recommend that the books and accounting records be balanced monthly.

Management's Corrective Action – The Secretary/Treasurer will reconcile the books to the bank statement each month. The books and accounting records will be balanced and reconciled on a monthly basis.



Bourgeois Bennett

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

We have audited the financial statements of the Lafourche Parish Drainage District No. 1 (the District), as of and for the year ended December 31, 2008, and have issued our report thereon dated May 7, 2009. 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. In planning and performing our audit, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters, which represent immaterial opportunities for strengthening internal controls and immaterial noncompliance with certain provisions of laws, regulations, contracts and grants. The memorandum that accompanies this letter summarizes our suggestions and recommendations regarding these matters. We previously reported on the District's internal control and compliance in our report dated May 7, 2009. This letter does not affect our report dated May 7, 2009 on the financial statements of the District.

We will review the status of this comment during our next audit engagement. We have already discussed the comments and recommendations with the District, and we will be pleased to discuss it in further detail at your convenience, to perform an additional study of the matters or to assist you in implementing the recommendation.

Sincerely,

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
May 7, 2009.

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Thibodaux, LA 70302-1205
Phone (985) 447-5243

MANAGEMENT COMMENTS

Lafourche Parish Drainage District No. 1

For the year ended December 31, 2008

08-01 **Condition** – Management lacks the qualifications necessary to prepare financial statements and all disclosures in accordance with generally accepted accounting principles. Possessing suitable skills, knowledge, and experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the expertise required to prepare the statements and all disclosures.

Recommendation – We recommend the District consider the need for having personnel with the technical expertise and knowledge to prepare financial statements and all disclosures in accordance with generally accepted accounting principles.

08-02 **Condition** – The District is not depositing checks received in a reasonable time after they are received. Furthermore, Lafourche Parish Sheriff's Office check number 7280 for \$2,645.96 is lost and must be reissued.

Recommendation – We recommend that the District comply with State budget laws by depositing checks shortly after being received.

08-03 **Condition** – All accounting functions of the District are performed by the Secretary/Treasurer. The Secretary/Treasurer also co-signs checks and receives bank statements unopened.

Recommendation - We recommend that a board member be involved in the financial affairs of the District by receiving bank statements unopened and reviewing cancelled checks.

08-04 **Condition** - The financial records are not being balanced or reconciled each month to the bank statement by the Secretary/Treasurer.

Recommendation – We recommend that the District's financial records be reconciled each month to the monthly bank statement. In addition, we recommend that the books and accounting records be balanced monthly.