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ISLE MARRONE GRAVITY DRAINAGE DISTRICT NO. 1
OF VERMILION PARISH

FINANCIAL REPORT

DECEMBER 31, 1999

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

Release Date 8-30-00

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

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INDEPENDENT ACCOUNTANT'S REPORT

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The Honorable Earl Dartez
and the Board of Commissioners
Isle Marrone Gravity Drainage District No. 1
Abbeville, Louisiana

We have compiled the accompanying general purpose financial statements of Isle Marrone Gravity Drainage District No. 1, as of and for the year ended December 31, 1999, and the supplementary schedule, as listed in the table of contents. The statements and supplementary schedule, which is presented only for supplementary analysis purposes, were compiled in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of the management of the Isle Marrone Gravity Drainage District No. 1. We have not audited or reviewed the accompanying general purpose financial statements and the supplementary schedule and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated June 22, 2000, on the results of our agreed-upon procedures.

Broussard, Poche, Lewis & Breaux L.L.P.

Crowley, Louisiana
June 22, 2000

Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
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Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
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S. Scott Soileau, CPA*
Patrick D. McCarthy, CPA*
Martha B. Wyatt, CPA*
Troy J. Breaux, CPA*
Fayette T. Dupre, CPA*

Retired:

Sidney E. Broussard, CPA 1980
Leon K. Poche, CPA 1984
James H. Breaux, CPA 1987
Erna R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberly, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1996
Lawrence A. Crutner, CPA* 1999
Michael P. Crochet, CPA* 1999

Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants
* A Professional Accounting Corporation

ISLE MARRONE GRAVITY DRAINAGE DISTRICT NO. 1
VERMILION PARISH POLICE JURY

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1999
See Accountant's Compilation Report

ASSETS AND OTHER DEBITS	Governmental Fund Types	
	General Fund	Debt Service Fund
Cash	\$ 38,055	\$ 48,415
Certificates of deposit	-	73,311
Receivables	111,882	115,673
Equipment	-	-
Amount available in debt service fund	-	-
Amount to be provided for retirement of general long-term debt	-	-
Total assets and other debits	<u>\$ 149,937</u>	<u>\$ 237,399</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Deduction from ad valorem taxes	\$ 3,426	\$ 3,576
Other payables	49	-
Bonds payable	-	-
Capital lease payable	-	-
Total liabilities	<u>\$ 3,475</u>	<u>\$ 3,576</u>
Fund Equity:		
Investment in general fixed assets	\$ -	\$ -
Fund balances:		
Reserved for debt service	\$ -	\$ 233,823
Unreserved - undesignated	146,462	-
Total fund balance	<u>\$ 146,462</u>	<u>\$ 233,823</u>
Total liabilities and fund equity	<u>\$ 149,937</u>	<u>\$ 237,399</u>

See Notes to Financial Statements.

<u>Account Groups</u>		
<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ -	\$ 86,470
-	-	73,311
-	-	227,555
240,455	-	240,455
-	233,823	233,823
<u>-</u>	<u>205,972</u>	<u>205,972</u>
<u>\$ 240,455</u>	<u>\$ 439,795</u>	<u>\$1,067,586</u>
\$ -	\$ -	\$ 7,002
-	-	49
-	425,000	425,000
<u>-</u>	<u>14,795</u>	<u>14,795</u>
<u>\$ -</u>	<u>\$ 439,795</u>	<u>\$ 446,846</u>
<u>\$ 240,455</u>	<u>\$ -</u>	<u>\$ 240,455</u>
\$ -	\$ -	\$ 233,823
-	-	146,462
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,285</u>
<u>\$ 240,455</u>	<u>\$ 439,795</u>	<u>\$1,067,586</u>

ISLE MARRONE GRAVITY DRAINAGE DISTRICT NO. 1
VERMILION PARISH POLICE JURY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1999
See Accountant's Compilation Report

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total (Memorandum Only)</u>
Revenues:			
Taxes:			
Ad valorem	\$114,463	\$119,481	\$233,944
Intergovernmental:			
State revenue sharing	2,501	-	2,501
Other	<u>4,533</u>	<u>5,720</u>	<u>10,253</u>
Total revenues	<u>\$121,497</u>	<u>\$125,201</u>	<u>\$246,698</u>
Expenditures:			
Current:			
Public works - drainage:			
Salaries and related benefits	\$ 61,445	\$ -	\$ 61,445
Compensation paid to board members	6,720	-	6,720
Drainage maintenance	751	-	751
Insurance	21,609	-	21,609
Repairs and maintenance	11,883	-	11,883
Material and supplies	8,376	-	8,376
Office	511	-	511
Accounting and legal	5,400	-	5,400
Uncollected taxes	634	662	1,296
Bank commission fees	-	1,794	1,794
Pension	3,426	3,576	7,002
Telephone	946	-	946
Appropriation - Vermilion Soil & Water			
Conservation	1,000	-	1,000
Fuel and lubricant	9,009	-	9,009
Equipment moving	8,090	-	8,090
Miscellaneous	4,359	-	4,359
Capital outlay	5	-	5
Debt service:			
Principal retirements	7,784	75,000	82,784
Interest and fiscal charges	<u>1,143</u>	<u>38,564</u>	<u>39,707</u>
Total expenditures	<u>\$153,091</u>	<u>\$119,596</u>	<u>\$272,687</u>
Excess (deficiency) of revenues over expenditures (subtotals forward)	<u>\$(31,594)</u>	<u>\$ 5,605</u>	<u>\$(25,989)</u>

(Continued)

ISLE MARRONE GRAVITY DRAINAGE DISTRICT NO. 1
VERMILION PARISH POLICE JURY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES (CONTINUED)
Year Ended December 31, 1999
See Accountant's Compilation Report

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total (Memorandum Only)</u>
Excess (deficiency) of revenues over expenditures (subtotals forwarded)	\$(31,594)	\$ 5,605	\$(25,989)
Fund balance, beginning	<u>178,056</u>	<u>228,218</u>	<u>406,274</u>
Fund balance, ending	<u>\$146,462</u>	<u>\$233,823</u>	<u>\$380,285</u>

See Notes to Financial Statements.

ISLE MARRONE GRAVITY DRAINAGE DISTRICT NO. 1
VERMILION PARISH POLICE JURY

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

Note 1. Summary of Significant Accounting Policies

As provided by Louisiana Revised Statute 38:1758, the District is governed by five commissioners. These five commissioners are referred to as the Board of Commissioners and are appointed by the parish police jury. The District was created under the authority of Louisiana Revised Statutes 38:1751-1802 and was established for the purpose of draining and reclaiming the undrained or partially drained marsh, swamp, and overflowed lands in the district that must be levied and pumped in order to be drained and reclaimed.

In April of 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. All GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements are prepared in accordance with such principles.

A. Reporting entity:

In conformance with GASB Codification Section 2100, the Drainage District is a component unit of the Vermilion Parish Police Jury, the governing body of the Parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit, and other governmental units that comprise the governmental reporting entity.

B. Fund accounting:

The District uses two funds (general fund and debt service fund) to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

General fund:

The general fund is classified as a governmental fund. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies. The general fund is the general operating fund of the District and accounts for all financial resources except those required to be accounted for in other funds.

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

Debt service fund:

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

C. General fixed assets and general long-term obligations:

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Long-term liabilities expected to be financed from governmental funds are accounted for in the general long-term debt account group, not in the governmental funds.

The two account groups are not funds. They are concerned only with the measurement of financial position and do not involve measurement of results of operations.

D. 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. The District's accounts are reported on the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

Revenues:

Ad valorem taxes and state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent by December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Expenditures:

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

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

E. Budget practices:

Louisiana law exempts all special districts created before December 31, 1974, from the requirements of the Local Government Budget Act. The Isle Marrone Gravity Drainage District No. 1 of Vermilion Parish was created November 11, 1911, and, accordingly, is exempt from the budgetary requirements. Management has determined that, due to the amount and nature of the expenditures, the adoption of a budget is not required for control purposes. The District did not adopt a budget for the two years ended December 31, 1999; therefore, the accompanying financial statements do not include a comparison of revenues and expenditures to budget.

F. Cash, cash equivalents, and certificates of deposit:

For reporting purposes, cash and cash equivalents include cash, demand deposits, and certificates of deposit with an original maturity of ninety days or less. Under state law, the Isle Marrone Gravity Drainage District No. 1 may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 1999, the District has cash (book balances) totaling \$159,780, which is all in interest-bearing demand deposits and certificates of deposit. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 1999, the District has \$161,196 in deposits (collective bank balances). At December 31, 1999, these deposits are fully secured from risk by federal deposit insurance.

G. Pensions:

Employees of the Drainage District are covered under the Federal Insurance Contribution Act (social security). The employees and the District contribute equally to the system.

H. Vacation and sick leave:

Full-time employees of the District with more than one year of service are allowed two weeks of vacation leave per year; full-time employees with one year's service or less are allowed one week of vacation leave per year. Sick leave is granted on an individual basis as need occurs. Vacation and sick leave may not be accumulated and carried into future years.

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

I. Total columns on financial statements:

The total columns on the financial statements are captioned "Memorandum Only" (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2. Receivables

The following is a summary of receivables at December 31, 1999:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Ad valorem tax	\$110,236	\$115,069
State revenue sharing	1,646	-
Other	-	604
	<u>\$111,882</u>	<u>\$115,673</u>

Note 3. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Equipment</u>
Balance, December 31, 1998	\$240,455
Additions - 1999	-
Deductions - 1999	-
Balance, December 31, 1999	<u>\$240,455</u>

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

Note 4. Changes in General Long-Term Debt Obligations

The following is a summary of the long-term obligation transactions during the year:

	<u>Bonded Debt</u>	<u>Capital Lease</u>	<u>Total</u>
Long-term obligations payable at December 31, 1998	\$500,000	\$ 22,579	\$522,579
Reductions:			
1999 Principal payments	<u>(75,000)</u>	<u>(7,784)</u>	<u>(82,784)</u>
Long-term obligations payable at December 31, 1999	<u>\$425,000</u>	<u>\$ 14,795</u>	<u>\$439,795</u>

General obligation bonds are comprised of the following individual issues:

Original issue of \$400,000 General Obligation Bonds dated November 1, 1981, retired in various annual installments, interest rate 9.0%, final maturity April 1, 2001	\$ 85,000
Original issue of \$360,000 General Obligation Bonds dated May 1, 1985, retired in various annual installments, interest rate 9.50% to 11.50%, final maturity March 1, 2005	150,000
Original issue of \$145,000 General Obligation Bonds dated May 1, 1989, retired in various annual installments, interest rate 7.40% to 11.00%, final maturity March 1, 2009	50,000
Original issue of \$155,000 General Obligation Bonds dated October 1, 1995, retired in various annual installments, interest rate 4.85% to 6.00%, final maturity March 1, 2015	<u>140,000</u>
Total General Obligation Bonds	<u>\$425,000</u>

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

During 1997, the District purchased a tractor at a cost of \$56,091 and financed \$31,091 under a four year capital lease.

The annual requirements to amortize all capital leases and all bonds outstanding at December 31, 1999, are as follows:

Year Ending	<u>Capital Lease</u>		<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2000	\$ 8,264	\$ 663	\$ 80,000	\$ 30,950	\$119,877
2001	6,531	164	90,000	23,234	119,929
2002	-	-	45,000	17,061	62,061
2003	-	-	30,000	13,648	43,648
2004	-	-	25,000	11,224	36,224
2005 and thereafter	-	-	155,000	49,028	204,028
Total	<u>\$ 14,795</u>	<u>\$ 827</u>	<u>\$425,000</u>	<u>\$145,145</u>	<u>\$585,767</u>

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SUPPLEMENTARY INFORMATION

ISLE MARRONE GRAVITY DRAINAGE DISTRICT NO. 1
VERMILION PARISH POLICE JURY

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
Year Ended December 31, 1999
See Accountant's Compilation Report

<u>Name</u>	
Earl Dartez, Supervisor	\$ 3,600
John O. Abshire	780
Revis R. Gaspard	780
Paul Suire	780
Lovelace Leonard	<u>780</u>
Total	<u>\$ 6,720</u>

The schedule of compensation paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

The board members receive \$60 per diem for attendance at meetings of the board.

The supervisor receives a fixed amount of \$300 per month for meeting attendance as well as the coordination of drainage work.



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

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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The Honorable Earl Dartez
and the Board of Commissioners
Isle Marrone Gravity Drainage District No. 1
Abbeville, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Isle Marrone Gravity Drainage District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Isle Marrone Gravity Drainage District No. 1's compliance with certain laws and regulations during the year ended December 31, 1999, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
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Martha B. Wyatt, CPA*
Troy J. Breaux, CPA*
Fayette T. Dupre', CPA*

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

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

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Retired:

Sidney L. Broussard, CPA 1980
Leon K. Poche', CPA 1984
James H. Breaux, CPA 1987
Emma R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberly, CPA* 1993
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1996
Lawrence A. Gramer, CPA* 1999
Michael P. Crochet, CPA* 1999

The Honorable Earl Dartez
and the Board of Commissioners
Isle Marrone Gravity Drainage District No. 1

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

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

Isle Marrone Gravity Drainage District No. 1 is not required to comply with the Budget Act because the District was created before December 31, 1974.

6. Trace the budget adoption and amendments to the minute book.

Isle Marrone Gravity Drainage District No. 1 is not required to comply with the Budget Act because the District was created before December 31, 1974.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

Isle Marrone Gravity Drainage District No. 1 is not required to comply with the Budget Act because the District was created before December 31, 1974.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

The Honorable Earl Dartez
and the Board of Commissioners
Isle Marrone Gravity Drainage District No. 1

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All six of the payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals.

Meetings

- 9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Isle Marrone Gravity Drainage District No. 1 is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Management has asserted that such documents were properly posted.

Debt

- 10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

- 11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the District for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

- 12. Review any prior year suggestions, recommendations, and/or comments and indicate the extent to which such matters have been resolved.

Our prior year report, dated April 23, 1999, included comments and unresolved matters addressed in the Summary Schedule of Prior Audit Findings.

The Honorable Earl Dartez
and the Board of Commissioners
Isle Marrone Gravity Drainage District No. 1

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended for the use of management of Isle Marrone Gravity Drainage District No. 1 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poche, Lewis & Breaux LLP

Crowley, Louisiana
June 22, 2000

Ile Marrone, Marty Drainage Dist. #1,
Vermilion Parish, La
P.O. Box 189
Abbeville, La. 70510

LOUISIANA ATTESTATION QUESTIONNAIRE

6-27-00

BRUSSARD, PACHE' LEWIS + BREAU
P.O. Box 387
C PULLY, LA 70527

In connection with your completion of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1110.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:483, and/or 39:92, as applicable.

Yes No

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1874 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:136, and AG opinion 79-729.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Jurist Huber Secretary 4-24-02 Date

[Signature] Treasurer _____ Date

Earl White President 6-27-02 Date

ISLE MARRONE GRAVITY DRAINAGE DISTRICT NO. 1 OF VERMILION PARISH

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 1999

I. Internal Control and Compliance Material to the Financial Statements

98-1 Sale of Movable Property

Finding: During our audit, it was noted that an old excavator bucket was sold in 1998 without a call for bids for the proposed sale being published in the official journal of the municipality.

Cause: The District's Board of Commissioners approved the sale of the excavator bucket but failed to properly publish a request for bids for the proposed sale in their official journal and within the time period prescribed by law.

Recommendation: We recommend that the District publish notice of proposed sales and bid requests in its official journal as prescribed by law.

Response: The District will advertise for sealed bids as prescribed by law.

Current status: No such violations were noted in the current year.

98-2 Segregation of Duties

Finding: In reviewing the internal control structure, we noted inadequate segregation of duties exists.

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

Recommendation and response: It was recommend that duties be segregated in such a way as to facilitate an adequate segregation of duties. The Board has evaluated this inadequacy and has concluded that the District cannot afford to hire more administrative employees due to the District's limited resources. The costs would exceed the benefits.

Current status: An inadequate segregation of duties still exists. The Board has evaluated this inadequacy and concluded the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

II. Internal Control and Compliance Material to Federal Awards

The prior year's report did not disclose any findings relative to federal awards.

ISLE MARRONE GRAVITY DRAINAGE DISTRICT NO. 1 OF VERMILION PARISH

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
Year Ended December 31, 1999

III. Management Letter

Suggestion 1998-1. Board Member Compensation

Condition: According to Internal Revenue Code § 31.3401(c)-1, "...officers... whether elected or appointed..." are included in the definition of employee. Therefore, any board member is considered an employee of the District for tax purposes and the compensation paid to them is subject to social security (if not a member of a retirement system), Medicare (if the board member were appointed or re-appointed after March 31, 1986), and federal and state income tax withholding in 1997 and 1998.

Cause: Compensation paid to board members is reported to them at year-end using Form 1099. No taxes are withheld from these amounts or paid by the District on these amounts.

Effect: The District is not withholding taxes from the board's compensation payments or remitting tax payments as required by the Internal Revenue Service.

Recommendation: We recommend that payments to the Board be subject to taxes and withholdings as are employee payments. Each board member should be required to complete a Form W-4 annually.

Current status: The District's management asserts that compensation paid to board members is now being handled correctly.