

NOTES TO FINANCIAL STATEMENTS

The general obligation bonds were issued for the purpose of constructing drainage work in and for the Drainage District and are funded by a property tax on all taxable property within the drainage district.

The annual requirements to amortize all bonds and/or certificates outstanding at December 31, 1996, including interest of \$202,728, are as follows:

<u>Year Ending</u>	
1997	\$ 44,224
1998	41,587
1999	45,838
2000	44,953
2001	43,961
2002-2011	<u>339,165</u>
	<u>\$559,728</u>

Note 4. Receivables

The following is a summary of receivables at December 31, 1996:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Ad valorem tax	\$ 46,225	\$ 40,472
State revenue sharing	<u>2,245</u>	<u>-</u>
	<u>\$ 48,470</u>	<u>\$ 40,472</u>

The Honorable Roland Harrington
and the Board of Commissioners
Coulee Baton Gravity Drainage District No. 1

In accordance with Government Auditing Standards, we have also issued a report dated June 19, 1997 on our consideration of the District's internal control structure and a report dated June 19, 1997 on its compliance with laws and regulations.

Broussard, Poché, Lewis & Breaux

Abbeville, Louisiana
June 19, 1997

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COULEE BATON GRAVITY DRAINAGE DISTRICT NO. 1
FINANCIAL REPORT
DECEMBER 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 ~~JUL 16 1997~~

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We have audited the financial statements of the Coulee Baton Gravity Drainage District No. 1, a component unit of the Vermilion Parish Police Jury, as of and for the two years ended December 31, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Coulee Baton Gravity Drainage District No. 1 as of December 31, 1996, and the results of its operations for the two years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedule listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Coulee Baton Gravity Drainage District No. 1. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.

COULEE BATON GRAVITY DRAINAGE DISTRICT NO. 1
VERMILION PARISH POLICE JURY

BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1996

ASSETS	Governmental Fund	
	General Fund	Debt Service Fund
Cash	\$ 56,404	\$ 33,643
Receivables	48,470	40,472
Land, equipment, and buildings	-	-
Amount available in debt service fund	-	-
Amount to be provided for retirement of general long-term debt	-	-
Total assets	<u>\$104,874</u>	<u>\$ 74,115</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 23,504	\$ 1,304
Bonds payable	-	-
Total liabilities	<u>\$ 23,504</u>	<u>\$ 1,304</u>
Fund Equity:		
Investment in general fixed assets	\$ -	\$ -
Fund balances:		
Reserved for debt service	\$ -	\$ 72,811
Unreserved - undesignated	81,370	-
Total fund balances	<u>\$ 81,370</u>	<u>\$ 72,811</u>
Total liabilities and fund equity	<u>\$104,874</u>	<u>\$ 74,115</u>

See Notes to Financial Statements.

Types	Account Groups			Total (Memorandum Only)
	Capital Projects Fund	General Fixed Assets	General Long-Term Debt	
	\$ -	\$ -	\$ -	\$ 90,047
	-	-	-	88,942
	-	3,628	-	3,628
	-	-	72,811	72,811
	-	-	284,189	284,189
	<u>\$ -</u>	<u>\$ 3,628</u>	<u>\$357,000</u>	<u>\$539,617</u>
	\$ -	\$ -	\$ -	\$ 24,808
	-	-	357,000	357,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$357,000</u>	<u>\$381,808</u>
	<u>\$ -</u>	<u>\$ 3,628</u>	<u>\$ -</u>	<u>\$ 3,628</u>
	\$ -	\$ -	\$ -	\$ 72,811
	-	-	-	81,370
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$154,181</u>
	<u>\$ -</u>	<u>\$ 3,628</u>	<u>\$357,000</u>	<u>\$539,617</u>

COULEE BATON GRAVITY DRAINAGE DISTRICT NO. 1
VERMILION PARISH POLICE JURY

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1996

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total (Memorandum Only)</u>
Revenues:				
Taxes:				
Ad valorem	\$ 46,324	\$ 40,559	\$ -	\$ 86,883
Intergovernmental:				
State revenue sharing	3,368	-	-	3,368
Other	<u>3,333</u>	<u>1,910</u>	-	<u>5,243</u>
Total revenues	<u>\$ 53,025</u>	<u>\$ 42,469</u>	<u>\$ -</u>	<u>\$ 95,494</u>
Expenditures:				
Current:				
Public works - drainage:				
Salaries and related benefits	\$ 8,203	\$ -	\$ -	\$ 8,203
Compensation paid to board of commissioners	800	-	-	800
Office	461	-	-	461
Accounting and legal	500	-	-	500
Insurance	1,581	-	-	1,581
Repairs and maintenance	799	-	-	799
Pension	1,489	1,304	-	2,793
Drainage maintenance	64,860	-	-	64,860
Uncollected taxes	305	272	-	577
Miscellaneous	1,000	-	-	1,000
Debt service:				
Principal retirements	-	18,000	-	18,000
Interest and fiscal charges	-	<u>28,162</u>	-	<u>28,162</u>
Total expenditures	<u>\$ 79,998</u>	<u>\$ 47,738</u>	<u>\$ -</u>	<u>\$ 127,736</u>
Deficiency of revenues over expenditures	\$ (26,973)	\$ (5,269)	\$ -	\$ (32,242)
Fund balances, beginning	108,343	77,029	1,051	186,423
Residual equity transfer in	-	1,051	-	1,051
Residual equity transfer out	<u>-</u>	<u>-</u>	<u>(1,051)</u>	<u>(1,051)</u>
Fund balances, ending	<u>\$ 81,370</u>	<u>\$ 72,811</u>	<u>\$ -</u>	<u>\$ 154,181</u>

See Notes to Financial Statements.

COULEE BATON GRAVITY DRAINAGE DISTRICT NO. 1
VERMILION PARISH POLICE JURY

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1995

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total (Memorandum Only)</u>
Revenues:				
Taxes:				
Ad valorem	\$ 43,506	\$ 38,746	\$ -	\$ 82,252
Intergovernmental:				
State revenue sharing	3,368	-	-	3,368
Other	<u>3,847</u>	<u>1,991</u>	<u>211</u>	<u>6,049</u>
Total revenues	<u>\$ 50,721</u>	<u>\$ 40,737</u>	<u>\$ 211</u>	<u>\$ 91,669</u>
Expenditures:				
Current:				
Public works - drainage:				
Salaries and related benefits	\$ 8,203	\$ -	\$ -	\$ 8,203
Compensation paid to board of commissioners	600	-	-	600
Office	572	-	-	572
Accounting and legal	750	-	-	750
Insurance	1,031	-	-	1,031
Materials and supplies	119	-	-	119
Repairs and maintenance	486	-	-	486
Pension	1,394	1,241	-	2,635
Drainage maintenance	33,999	-	18,181	52,180
Uncollected taxes	370	337	-	707
Miscellaneous	1,000	-	-	1,000
Debt service:				
Principal retirements	-	16,000	-	16,000
Interest and fiscal charges	-	<u>29,245</u>	-	<u>29,245</u>
Total expenditures	<u>\$ 48,524</u>	<u>\$ 46,823</u>	<u>\$ 18,181</u>	<u>\$113,528</u>
Excess (deficiency) of revenues over expenditures	\$ 2,197	\$ (6,086)	\$ (17,970)	\$ (21,859)
Fund balances, beginning	<u>106,146</u>	<u>83,115</u>	<u>19,021</u>	<u>208,282</u>
Fund balances, ending	<u>\$108,343</u>	<u>\$ 77,029</u>	<u>\$ 1,051</u>	<u>\$186,423</u>

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

B. 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. Construction period interest is immaterial and is 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.

C. Basis of accounting

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

The following is a summary of levied ad valorem taxes, all for general corporate purposes:

	<u>1996</u>	<u>1995</u>
General corporate purposes:		
Operations and maintenance	<u>15.99</u>	<u>15.72</u>
Debt service	<u>14.00</u>	<u>14.00</u>

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

H. Total column on financial statements

The total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does 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. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Equipment</u>
Balance, December 31, 1994	\$ 3,628
Additions - 1995 and 1996	-
Reductions - 1995 and 1996	-
Balance, December 31, 1996	<u>\$ 3,628</u>

Note 3. Changes in General Long-Term Obligations

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

	<u>Bonded Debt</u>
Long-term obligations payable at December 31, 1994	\$391,000
1995 Principal payments	(16,000)
1996 Principal payments	(18,000)
Long-term obligations payable at December 31, 1996	<u>\$357,000</u>

General obligation bonds are comprised of the following individual issues:

Original issue of \$53,000 Public Improvement Bonds dated March 1, 1977, interest rates 6.00% to 6.25%, final maturity March 1, 1997	\$ 7,000
Original issue of \$100,000 General Obligation Bonds dated November 1, 1981, interest rate 9.25%, final maturity April 1, 2001	45,000
Original issue of \$326,000 General Obligation Bonds, dated April 1, 1991, interest rates 6.5% to 10.00%, final maturity April 1, 2011	305,000
Total general obligation bonds	<u>\$357,000</u>

SUPPLEMENTARY INFORMATION

COULEE BATON GRAVITY DRAINAGE DISTRICT NO. 1
VERMILION PARISH POLICE JURY

SCHEDULE OF COMPENSATION PAID TO BOARD OF COMMISSIONERS
Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Roland Harrington	\$ 200	\$ 150
Ravis Menard	200	150
Duffy Marceaux, Jr.	100	50
John Trahan	200	150
Nicholas Boudreaux	100	100
Michael Couvillion	<u>-</u>	<u>-</u>
Total	<u>\$ 800</u>	<u>\$ 600</u>

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

The board members receive \$50 per diem for attendance at meetings of the Board.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Roland Harrington
and the Board of Commissioners
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We have audited the financial statements of the Coulee Baton Gravity Drainage District No. 1, a component unit of the Vermilion Parish Police Jury, as of and for the two years ended December 31, 1996, and have issued our report thereon dated June 19, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

The Board of Commissioners of the Coulee Baton Gravity Drainage District No. 1 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by the Board are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Coulee Baton Gravity Drainage District No. 1 for the two years ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our

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NOTES TO FINANCIAL STATEMENTS

D. Budget

Louisiana law exempts all special districts created before December 31, 1974, from the requirements of the Local Government Budget Act. The Coulee Baton Gravity Drainage District No. 1 of Vermilion Parish was created on May 11, 1909 and, accordingly, is exempt from 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 Drainage District did not adopt a budget for the years ended December 31, 1996 and 1995; therefore, the accompanying financial statements do not include a comparison of revenue and expenditures to the budget.

E. Cash and investments

For reporting purposes, cash and investments include cash, demand deposits, time deposits, and certificates of deposit. Under state law, Coulee Baton 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, 1996, the District has cash (bank balances) totaling \$90,047, which is all in interest-bearing demand deposits. 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, 1996, the District has \$94,715 in deposits (collected bank balances). These deposits are fully secured by FDIC insurance and a \$200,437 market value U.S. Treasury note.

F. 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.

G. Vacation and sick leave

Full-time employees of the District with more than one year of service are allowed two weeks of vacation leave each year; full-time employees with one year's service or less are allowed one week of vacation leave each year. Sick leave is granted on an individual basis as the need occurs. Vacation and sick leave may not be accumulated and carried into future years. At December 31, 1996, there are no accumulated vacation benefits that require accrual or disclosure to conform with generally accepted accounting principles.

The Honorable Roland Harrington
and the Board of Commissioners
Coulee Baton Gravity Drainage District No. 1

auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matter involving the internal control structure and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the District for the two years ended December 31, 1996.

General Administration

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

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions.

Suggestion and response: 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.

This report is intended for the information of management and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Broussard, Poché, Lewis & Breaux

Abbeville, Louisiana
June 19, 1997



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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Abbeville, Louisiana

We have audited the financial statements of the Coulee Baton Gravity Drainage District No. 1, a component unit of the Vermilion Parish Police Jury, as of and for the two years ended December 31, 1996, and have issued our report thereon dated June 19, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts, and grants applicable to the Coulee Baton Gravity Drainage District No. 1 is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests did not disclose any instances that are required to be reported under Government Auditing Standards.

This report is intended for the information of management and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Broussard, Poche, Lewis & Breaux

Abbeville, Louisiana
June 19, 1997