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COBLEE WATER SANITARY DRAINAGE DISTRICT NO. 1  
FINANCIAL REPORT  
DECEMBER 31, 1998

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Release Date: 1-28-99

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The Honorable Roland Barrington  
and the Board of Commissioners  
Covington Sewer Gravity Drainage District No. 1

In accordance with Government Auditing Standards, we have also issued our report dated May 10, 1988 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedule listed in the accompanying 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 Covington Sewer 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.

*Brossard, Poché, Lacroix & Broussard*

Covington, Louisiana  
May 10, 1988

COLLIER BRIDGE GRAVITY DRAINAGE DISTRICT NO. 1  
VERMILION PARISH POLICE JURY

BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
December 31, 1988

	Governmental Fund Types	
	General Fund	O&M Service Fund
<b>ASSETS</b>		
Cash	\$ 10,818	\$ 27,818
Receivables	64,758	18,897
Land, equipment, and buildings	-	-
Amount available in debt service fund	-	-
Amount to be provided for retirement of general long-term debt	-----	-----
Total assets	<u>\$ 81,624</u>	<u>\$ 81,624</u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 4,210	\$ 1,210
Bonds payable	-----	-----
Total liabilities	<u>\$ 4,210</u>	<u>\$ 1,210</u>
<b>Fund Equity:</b>		
Investment in general fixed assets	\$ -----	\$ -----
<b>Fund Balances:</b>		
Reserved for debt service	\$ -	\$ 48,487
Unreserved - undesignated	<u>77,624</u>	<u>32,127</u>
Total Fund balances	<u>\$ 77,624</u>	<u>\$ 80,614</u>
Total liabilities and fund equity	<u>\$ 81,624</u>	<u>\$ 81,624</u>

See Notes to Financial Statements.

<u>Accounts Group</u>		
<u>General</u>	<u>General</u>	<u>Total</u>
<u>Fixed</u>	<u>Long-Term</u>	<u>(Memorandum</u>
<u>Assets</u>	<u>Subt.</u>	<u>Swid.)</u>
\$ -	\$ -	\$ 78,706
-	-	78,707
3,424	-	3,428
-	60,697	60,697
<u>-</u>	<u>129,201</u>	<u>129,201</u>
<u>\$ 3,424</u>	<u>\$129,201</u>	<u>\$132,625</u>
\$ -	\$ -	\$ 3,424
<u>-</u>	<u>129,200</u>	<u>129,200</u>
<u>\$ 3,424</u>	<u>\$129,200</u>	<u>\$132,624</u>
\$ -	\$ -	\$ 3,428
<u>-</u>	<u>-</u>	<u>3,428</u>
<u>\$ 3,428</u>	<u>\$ 3,428</u>	<u>\$ 3,428</u>
\$ -	\$ -	\$ 68,687
<u>-</u>	<u>-</u>	<u>68,687</u>
<u>\$ 3,428</u>	<u>\$ 3,428</u>	<u>\$113,209</u>
\$ -	\$ -	\$ 68,687
<u>-</u>	<u>-</u>	<u>68,687</u>
<u>\$ 3,428</u>	<u>\$129,688</u>	<u>\$133,115</u>

COLEEN RAYOR GRAVITY DRAINAGE DISTRICT NO. 1  
HAMILTON PARKER POLICE JURY

STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED December 31, 1998

	General Fund	DEFC Service Fund	Total Encumbrance \$Nil
<b>REVENUES:</b>			
<b>Taxes:</b>			
Ad valorem	\$ 81,144	\$ 24,740	\$ 105,884
Intergovernmental:			
State revenue sharing	3,000	-	3,000
Other	3,563	3,432	6,995
<b>total revenues</b>	<b>\$ 87,707</b>	<b>\$ 28,172</b>	<b>\$ 115,879</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Public works - drainage:			
Salaries and related benefits	\$ 3,000	\$ -	\$ 3,000
Commissions paid to board of commissioners	800	-	800
Office	100	-	100
Accounting and legal	500	-	500
group insurance	3,834	-	3,834
insurance	800	-	800
Repair and maintenance	500	-	500
Police	1,200	1,110	2,310
Drainage maintenance	24,000	-	24,000
Uncollected taxes	544	170	714
Miscellaneous	1,000	-	1,000
<b>Debt service:</b>			
Principal retirement	-	18,000	18,000
Interest and fiscal charges	-	24,802	24,802
<b>Total expenditures</b>	<b>\$ 32,000</b>	<b>\$ 42,912</b>	<b>\$ 74,912</b>
<b>Deficiency of revenues over expenditures</b>	<b>\$ 15,740</b>	<b>\$ 25,800</b>	<b>\$ 41,540</b>
<b>fund balances, beginning</b>	<b>50,000</b>	<b>60,000</b>	<b>110,000</b>
<b>fund balances, ending</b>	<b>\$ 34,260</b>	<b>\$ 34,200</b>	<b>68,460</b>

See Notes to Financial Statements.

COLLEGE BAYOR DRAINAGE DISTRICT NO. 1  
VERMILION PARISH POLICE JURY

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - ALL ENVIRONMENTAL FUND TYPES  
For the Year Ended December 31, 1997

	General Fund	Debt Service Fund	Total (Memorandum Only)
<b>Revenues:</b>			
Taxes:			
AD valorem	\$ 44,784	\$ 38,310	\$ 83,094
Intergovernmental:			
State revenue sharing	3,390	-	3,390
Other	<u>2,824</u>	<u>1,503</u>	<u>4,327</u>
Total revenues	<u>\$ 48,898</u>	<u>\$ 39,813</u>	<u>\$ 88,711</u>
<b>Expenditures:</b>			
Current:			
Public works - drainage:			
Salaries and related benefits	\$ 8,800	-	\$ 8,800
Competition paid to board of commissioners	3,450	-	3,450
Office	421	-	421
Accounting and legal	3,000	-	3,000
Insurance	894	-	894
Repairs and maintenance	125	-	125
Debris	3,480	1,850	5,330
Drainage maintenance	27,840	-	27,840
Uncollected taxes	394	387	781
Miscellaneous	3,140	-	3,140
Debt service:			
Principal retirements	-	38,800	38,800
Interest and fiscal charges	-	<u>28,243</u>	<u>28,243</u>
Total expenditures	<u>\$ 42,381</u>	<u>\$ 67,043</u>	<u>\$ 109,424</u>
Excess (deficiency) of revenues over expenditures	\$ 6,517	\$ 26,119	\$ 32,636
Fund balances, beginning	<u>41,375</u>	<u>73,813</u>	<u>115,188</u>
Fund balances, ending	<u>\$ 47,892</u>	<u>\$ 99,932</u>	<u>\$ 147,824</u>

See Notes to Financial Statements.



COULBÈ BAYOU BRASSITE DRAINAGE DISTRICT NO. 1  
VERMILION PARISH POLICE JURY

INDEX TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

As provided by Louisiana Revised Statute 18:1094, the drainage 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 Drainage District was created under the authority of Louisiana Revised Statutes 18:1791-1803 and was established for the purpose of draining and reclaiming the un drained or partially drained marsh, swamp, and overflowed lands in the district that may 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 have been prepared in accordance with such principles.

In conformance with GASB Codification Section 1109, 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.

A. Fund accounting

The accounts of the Drainage District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Resources are accounted for in these individual funds based upon the purpose for which they are spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

General fund:

The general fund is the general operating fund of the Drainage District. It accounts for all financial resources except those required to be accounted for in other funds.

## INDEX TO FINANCIAL STATEMENTS

### Debt service fund:

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

### Capital projects fund:

The capital projects fund is used to account for financial resources to be used for acquisition or construction of major capital projects (other than those financed by proprietary funds, special assessment funds, and trust funds).

### 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:

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

## NOTES TO FINANCIAL STATEMENTS

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

	1988	1987
General corporate purposes:		
Operations and maintenance	<u>18.08</u>	<u>18.08</u>
Debt service	<u>14.08</u>	<u>14.08</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.

### F. Budget

Louisiana law exempts all special districts created before December 31, 1974, from the requirements of the Local Government Budget Act. The Coulee Baton Quarry Drainage District No. 1 of Vermilion Parish was created on May 11, 1969 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, 1988 and 1987; therefore, the accompanying financial statements do not include a comparison of revenues and expenditures to the budget.

### G. Cash and Investments

For reporting purposes, cash and investments include bank, demand deposits, time deposits, and certificates of deposits. Under state law, Coulee Baton Quarry 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 deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

## NOTES TO FINANCIAL STATEMENTS

At December 31, 1998, the District has cash (bank balances) totaling \$78,788, which is all in interest-bearing demand deposits. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the remaining bank balances) may 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 each at all times equal the amount on deposit with the fiscal agent. At December 31, 1998, the District has \$88,398 in deposits (collective bank balances). These deposits are fully covered by FDIC insurance and a \$48,818 market value U.S. Treasury note.

### F. Pensions

Employees of the business 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, 1998, there are no accumulated vacation benefits that require accrual or disclosure to conform with generally accepted accounting principles.

### 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.

NOTES TO FINANCIAL STATEMENTS

Note 2. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Equipment
Balance, December 31, 1990	\$ 1,618
Additions - 1991 and 1992	-
Reductions - 1991 and 1992	<u>          </u>
Balance, December 31, 1992	<u>\$ 1,618</u>

Note 3. Changes in General Long-Term Obligations

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

	Bonded Debt
Long-term obligations payable at December 31, 1990	207,000
1991 Principal payments	(19,000)
1992 Principal payments	<u>(10,000)</u>
Long-term obligations payable at December 31, 1992	<u>178,000</u>

General obligation bonds are comprised of the following individual issues:

Original issue of \$100,000 General Obligation Bonds dated November 1, 1991, interest rate 5.25%, final maturity April 1, 1991	\$ 100,000
Original issue of \$100,000 General Obligation Bonds, dated April 1, 1991, interest rate 6.75 to 10.00%, final maturity April 1, 2011	<u>100,000</u>
Total general obligation bonds	<u>\$200,000</u>

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.

NOTES TO FINANCIAL STATEMENTS

The annual requirements to amortize all bonds and/or certificates outstanding at December 31, 1998, including interest of \$153,938, are as follows:

Year ending

2000	\$ 83,818
2001	84,893
2002	81,868
2003	51,418
2004	29,268
2004 and thereafter	<u>372,668</u>
	<u>\$1,273,818</u>

Note 4. Receivables

The following is a summary of receivables at December 31, 1998:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Ad valorem tax	\$ 18,184	\$ 13,957
State revenue sharing	3,474	-
Other	<u>2,482</u>	<u>          </u>
	<u>\$ 24,140</u>	<u>\$ 13,957</u>

**SUPPLEMENTARY INFORMATION**

COULDER BAYON GRAVITY SEWERAGE DISTRICT NO. 1  
VERMILION PARISH POLICE JURY

SCHEDULE OF COMPENSATION PAID TO BOARD OF COMMISSIONERS  
Terms Ended December 31, 1978 and 1977

	1978	1977
Richard Harrington, President	\$ 200	\$ 100
Earle Beard	200	100
Clintia C. Meaux, Sr.	200	100
John Trishan	-	100
Nicholas Boudreaux	100	100
Michael Desvilliers	<u>100</u>	<u>100</u>
Total	<u>\$ 800</u>	<u>\$ 500</u>

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 34 of the 1978 Session of the Louisiana Legislature.

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





**BROUSSARD, POUCHÉ, LEWIS & BREAUX, L.L.P.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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P.O. Drawer 1007  
Mandeville, Louisiana  
70471-0107  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Lafayette, LA  
70503-0000  
Bogalusa, LA  
70307-0001  
Bossier City, LA  
70021-0000  
New Orleans, LA  
70112-0000  
Baton Rouge, LA  
70803-0000  
Gretna, LA  
70702-0000

The Honorable Inland Barrington  
and the Board of Commissioners  
Coville Basin Gravity Drainage District No. 3  
Mandeville, Louisiana

We have audited the general purpose financial statements of Coville Basin Gravity Drainage District No. 3 of Vermilion Parish, a component unit of the Vermilion Parish Police Jury, as of and for the two years ended December 31, 1998, and have issued our report thereon dated May 20, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Coville Basin Gravity Drainage District No. 3's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance which is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item M-1.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Coville Basin Gravity Drainage District No. 3's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over

**Branch**  
Bossier City, Louisiana 70021-0000  
Covington, Louisiana 70424  
Gretna, Louisiana 70702-0000  
Lafayette, Louisiana 70503-0000  
Mandeville, Louisiana 70471-0000  
New Orleans, Louisiana 70112-0000  
Shreveport, Louisiana 71201-0000  
Baton Rouge, Louisiana 70803-0000

All cities of Louisiana members of  
the Council of Chief Accountants  
National Association of Certified  
Public Accountants

The Honorable Roland Harrington  
and the Board of Commissioners  
Covington Sewer Gravity Drainage District No. 1

financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, would adversely affect Covington Sewer Gravity Drainage District No. 1's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 98-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we considered the reportable condition described above, item 98-1, to be a material weakness.

This report is intended for the information of management and the legislative auditor. However, this report is a matter of public record and its distribution is not limited.

*Broussard, Roche, Liguori & Breunig, LLP*

Covington, Louisiana  
May 18, 2009

COULDER BASIN GRAVITY SEWERAGE DISTRICT NO. 1  
ARBORETTA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
TWO YEARS ENDED DECEMBER 31, 1988

We have audited the financial statements of Coulder Basin Gravity Sewerage District No. 1 of Vermilion Parish, Louisiana, for the two years ended December 31, 1988, and have issued our report thereon dated May 10, 1989. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 1988 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

**a. Report on Internal Control and Compliance Material to the Financial Statements**

**INTERNAL CONTROL**

Material Weaknesses X Yes \_\_\_ No Reportable Conditions X Yes \_\_\_ No

**Compliance**

Compliance Material to Financial Statements X Yes \_\_\_ No

**b. Federal Awards**

The District did not receive any Federal awards for the two years ended December 31, 1988.

**Section II Financial Statement Findings**

**40-1 Segregation of Duties**

**Finding:** In reviewing the internal control over financial reporting, we noted that there was an inadequate segregation of duties.

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

**Recommendation:** We recommend that duties be segregated in such a way as to facilitate an adequate segregation of duties.

**Response:** 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.

**Questioned costs:** \$-0-

COLEMAN WATER CREDIBILITY DISTRICT NO. 1  
MORRISVILLE, LOUISIANA

STATEMENT OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Two Years Ended December 31, 1998

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

**94-2 Premium reimbursements**

**Finding:** Our audit revealed that the employee portions of group health insurance premiums are not being reimbursed to the District in a timely fashion in one case, and not at all in another instance. This is a direct violation of Article 7, Section 14 of the Louisiana Constitution which states that public funds shall not be loaned or pledged for nonpublic purposes.

**Case:** The premiums are paid by the District, but the employee portions are not always being reimbursed in a timely fashion. The Board has given the secretary the authority to cancel hospitalization coverage when reimbursements are not received in a timely fashion. However, the coverage has not been canceled.

**Recommendation:** We recommend that instances premiums be reimbursed in a timely fashion or the coverage can be canceled.

**Response:** Management will try to set up a system of repayment for the portion of premiums owed by employees on the group health insurance. One individual who owes the District for premiums will be switching to a different policy and will no longer be covered under the district's group health insurance plan.

**Questioned costs:** 1-0.

**Section III Federal Award Findings and Questioned Costs**

The District did not receive any federal awards for the two years ended December 31, 1998.

COLEGE BAYCH CERRITO DRAINAGE DISTRICT NO. 1

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Two Years Ended December 31, 1999

I. Internal Control and Compliance Material to the Financial Statements

1998 - General Administration

Findings: 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.

Correct action: 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. This finding is disclosed in the current schedule of findings and questioned costs as item 28-1.

II. Internal Control and Compliance Material to Federal Awards

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

III. Management Letter

The prior year's report did not include a management letter.

COLEGE BAYON GRAVITY DRAINAGE DISTRICT NO. 1  
OF HERRILLTON DISTRICT

MANAGEMENT'S CORRECTIVE ACTION PLAN  
Two Years Ended December 31, 1998

**Section 1. Internal Control and Compliance Material to the Financial Statements**

**MC-1 Segregation of Duties**

**Finding:** In reviewing the internal control over financial reporting, we noted that there was an inadequate segregation of duties.

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

**Recommendation:** We recommend that duties be segregated in such a way as to facilitate an adequate segregation of duties.

**Response:** 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. The Board feels that its requirement of two signatures on all checks as well as the oversight of the Treasurer should help compensate for the inadequate segregation of duties.

**Questioned costs:** \$0.

**MC-2 Timely Reimbursements**

**Finding:** Our audits revealed that the employee portions of group health insurance premiums are not being reimbursed to the District in a timely fashion in one case, and not at all in another instance. This is a direct violation of Article 7, Section 14 of the Louisiana Constitution which states that public funds shall not be loaned or pledged for competing purposes.

**Cause:** The premiums are paid by the District, but the employee portions are not always being reimbursed in a timely fashion. The Board has given the secretary the authority to cancel hospitalization coverage when reimbursements are not received in a timely fashion. However, the coverage has not been canceled.

**Recommendation:** We recommend that insurance premiums be reimbursed in a timely fashion or the coverage can be canceled.

**Response:** Management will try to set up a system of payment for the portion of premiums used by employees on the group health insurance. One individual who uses the District for premiums will be switching to a different policy and will no longer be covered under the District's group health insurance plan.

**Questioned costs:** \$0.

COLISE BAYON GRAVITY GRAINAGE DISTRICT NO. 1  
OF TERRILLON PARISH

MANAGEMENT'S CORRECTIVE ACTION PLAN (CONTINUED)  
Two Weeks Ended December 31, 1998

**Section II. Internal Control and Compliance Material to Federal Awards**

The District did not receive any federal awards for the two years ended December 31, 1998.

**Section III. Management Letter**

**1995-6 Board Member Compensation**

**Condition:** According to Internal Revenue Code § 31.3401(e)-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 member of a retirement system), Medicare (if the board member was appointed or re-appointed after March 31, 1983), and federal and state income tax withholding in 1997 and 1998.

**Cause:** Compensation paid to board members is reported to them as pay-roll 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.

**Response:** The District will immediately begin treating board compensation as required by the Internal Revenue Code. Taxes will be withheld and payroll taxes will be paid on board compensation.

responsible party: Roland Harrington, President



**BROUSSARD, POCHE, LEWIS & BREAUX, L.L.P.**  
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May 10, 1999

The Honorable Roland Harrington  
and the Board of Commissioners  
Covine Parish Brandy Brandyage District No. 1  
Bossierite, Louisiana

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(504) 388-4433

Opalville, LA

(504) 388-4437

Abbeville, LA

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We have audited the general purpose financial statements of Covine Parish Brandy Brandyage District No. 1, a component unit of the Vermilion Parish Police Jury, as of and for the two years ended December 31, 1998, and have issued our report thereon dated May 10, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

As part of our examination, we have issued our report on the financial statements, dated May 10, 1999, and our report on internal control and compliance with laws, regulations, and contracts, dated May 10, 1999.

During the course of our examination, we became aware of the following matter which represents an immaterial deviation of compliance or suggestion for improved internal controls.

**Suggestion (1998-9): Board Member Compensation**

**Condition:** Regarding to Internal Revenue Code § 25.1401(a)-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, 1981), 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.

BY: C.P.A.  
James J. Broussard, CPA, 1998  
James H. Poché, CPA, 1998  
James H. Breaux, CPA, 1997  
James H. Wilson, CPA, 1998  
Craig A. Lewis, CPA, 1998  
Michael J. Heston, CPA, 1998  
Richard J. Lewis, CPA, 1998  
James H. Broussard, CPA, 1998

MEMBER OF THE AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
Division of Louisiana Certified  
Public Accountants



The Honorable Roland Harrington  
Council (Water Granting/Drainage District No. 3  
Page 2  
May 10, 1999

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.

We recommend management address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestions or help implement the recommendation.

BROSSARD, POKER, LEWIS & BRUCE, L.L.P.  
Certified Public Accountants

*Brossard, POKER, Lewis & Bruce, LLP*

