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COULEE BATON GRAVITY DRAINAGE DISTRICT NO. 1
FINANCIAL REPORT
DECEMBER 31, 2003

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 5.5.04

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

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ACCOUNTANT'S COMPILATION REPORT

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

We have compiled the accompanying general purpose financial statements of Coulee Baton Gravity Drainage District No. 1, as of and for the year ended December 31, 2003, 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 Coulee Baton 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 March 16, 2004, on the results of our agreed-upon procedures.

Eugene C. Gilder, CPA*
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Fayette T. Dupre', CPA*
Mary A. Castille, CPA*
Joey L. Breaux, CPA*
Tertel P. Dressel, CPA*

Retired:

Sidney L. Broussard, CPA 1980
Leon K. Poche', CPA 1984
James H. Breaux, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberley, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1996
Lawrence A. Cramer, CPA* 1999
Michael P. Crochet, CPA* 1999
Ralph Friend, CPA 2002

Broussard, Poche', Lewis & Breaux LLP

Crowley, Louisiana
March 16, 2004

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

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 2003

See Accountant's Compilation Report

ASSETS	Governmental Fund Types	
	General Fund	Debt Service Fund
Cash	\$ 15,480	\$ 8,627
Receivables	56,296	36,247
Land, equipment, and building	-	-
Amount available in debt service fund	-	-
Amount to be provided for retirement of general long-term debt	-	-
Total assets	\$ 71,776	\$ 44,874
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 7,165	\$ 1,329
Bonds payable	-	-
Total liabilities	\$ 7,165	\$ 1,329
Fund equity:		
Investment in general fixed assets	\$ -	\$ -
Fund balances:		
Reserved for debt service	\$ -	\$ 43,545
Unreserved - undesignated	64,611	-
Total fund balances	\$ 64,611	\$ 43,545
Total liabilities and fund equity	\$ 71,776	\$ 44,874

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>
\$ -	\$ -	\$ 24,107
-	-	92,543
9,628	-	9,628
-	43,545	43,545
-	166,455	166,455
<u>\$ 9,628</u>	<u>\$ 210,000</u>	<u>\$ 336,278</u>
\$ -	\$ -	\$ 8,494
-	210,000	210,000
<u>\$ -</u>	<u>\$ 210,000</u>	<u>\$ 218,494</u>
<u>\$ 9,628</u>	<u>\$ -</u>	<u>\$ 9,628</u>
\$ -	\$ -	\$ 43,545
-	-	64,611
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,156</u>
<u>\$ 9,628</u>	<u>\$ 210,000</u>	<u>\$ 336,278</u>

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

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

Year Ended December 31, 2003
See Accountant's Compilation Report

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total (Memorandum Only)</u>
Revenues:			
Taxes:			
Ad valorem	\$ 56,511	\$ 39,558	\$ 96,069
Intergovernmental:			
State revenue sharing	4,628	-	4,628
Investment income	547	362	909
Other income	5,242	-	5,242
	<hr/>	<hr/>	<hr/>
Total revenues	\$ 66,928	\$ 39,920	\$ 106,848
<hr/>			
Expenditures:			
Current:			
Public works - drainage:			
Salaries and related benefits	\$ 8,262	\$ -	\$ 8,262
Compensation paid to board of commissioners	950	-	950
Office supplies	138	-	138
Accounting and legal	1,300	-	1,300
Group insurance	12,821	-	12,821
Insurance	100	-	100
Repairs and maintenance	1,396	-	1,396
Pension	1,900	1,330	3,230
Drainage and soil conservation	22,773	-	22,773
Miscellaneous	207	395	602
Fuel and lubricant	183	-	183
Uncollected taxes	402	281	683
Debt service:			
Principal retirements	-	22,000	22,000
Interest and fiscal charges	-	12,801	12,801
	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 50,432	\$ 36,807	\$ 87,239
<hr/>			
Excess of revenues over expenditures	\$ 16,496	\$ 3,113	\$ 19,609
<hr/>			
Fund balances, beginning	48,115	40,432	88,547
<hr/>			
Fund balances, ending	\$ 64,611	\$ 43,545	\$ 108,156
<hr/>			

See Notes to Financial Statements.

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

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

Year Ended December 31, 2003
See Accountant's Compilation Report

	General Fund		Variance - Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes:			
Ad valorem	\$ 55,000	\$ 56,511	\$ 1,511
Intergovernmental:			
State revenue sharing	4,723	4,628	(95)
Investment income	125	547	422
Other income	5,241	5,242	1
	<u>\$ 65,089</u>	<u>\$ 66,928</u>	<u>\$ 1,839</u>
Expenditures:			
Current:			
Public works - drainage:			
Salaries and related benefits	\$ 8,218	\$ 8,262	\$ (44)
Compensation paid to board of commissioners	950	950	-
Office supplies	200	138	62
Accounting and legal	1,300	1,300	-
Group insurance	12,850	12,821	29
Insurance	100	100	-
Repairs and maintenance	1,395	1,396	(1)
Pension	-	1,900	(1,900)
Drainage and soil conservation	28,746	22,773	5,973
Miscellaneous	28	207	(179)
Fuel and lubricant	183	183	-
Uncollected tax expense	-	402	(402)
	<u>\$ 53,970</u>	<u>\$ 50,432</u>	<u>\$ 3,538</u>
Excess of revenues over expenditures	\$ 11,119	\$ 16,496	\$ 5,377
Fund balance, beginning	41,539	48,115	6,576
Fund balance, ending	<u>\$ 52,658</u>	<u>\$ 64,611</u>	<u>\$ 11,953</u>

See Notes to Financial Statements.

**COULEE BATON 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 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 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 have been prepared in accordance with such principles.

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.

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 comprises its assets, liabilities, fund equity, revenues, and expenditures. Revenues 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.

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.

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

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:

General corporate purposes:

Operations and maintenance	<u>20.00</u>
Debt service	<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
See Accountant's Compilation Report

D. Budget

The budgeted revenues and expenditures are based on current figures and past experience. They are discussed, approved, adopted, and amended as necessary by the Board of Commissioners at the regular monthly meetings. The budget is prepared on a basis consistent with generally accepted accounting principles. All appropriations lapse at year-end. The District does not use encumbrance accounting.

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, 2003, the District has cash (book balances) totaling \$24,107 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, 2003, the District has \$25,221 in deposits (collective bank balances). These deposits are fully secured by FDIC insurance.

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, 2003, 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
See Accountant's Compilation Report

Note 2. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Equipment</u>
Balance, December 31, 2002	\$ 9,628
Additions - 2003	-
Reductions - 2003	<u>-</u>
Balance, December 31, 2003	<u>\$ 9,628</u>

Note 3. Changes in General Long-Term Obligations

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

	<u>Bonded Debt</u>
Long-term obligations payable at December 31, 2002	\$ 232,000
2003 Principal payments	<u>22,000</u>
Long-term obligations payable at December 31, 2003	<u>\$ 210,000</u>
General obligation bond is comprised of the following individual issue:	
Original issue of \$255,000 General Obligation Bonds, dated January 22, 2001, interest rates .10% to 6.00%, final maturity April 1, 2011	<u>\$ 210,000</u>

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

The general obligation bond was 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, 2003, including interest of \$50,951 are as follows:

Year Ending

2004	\$ 32,715
2005	36,305
2006	34,745
2007	32,215
2008	30,720
2009 - 2011	<u>94,251</u>
	<u>\$260,951</u>

Note 4. Receivables

The following is a summary of receivables at December 31, 2003:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Ad valorem tax	\$ 51,783	\$ 36,247
State revenue sharing	3,085	-
Accounts receivable	754	-
Accounts receivable insurance overpayment	<u>674</u>	<u>-</u>
	<u>\$ 56,296</u>	<u>\$ 36,247</u>

SUPPLEMENTARY INFORMATION

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

SCHEDULE OF COMPENSATION PAID TO BOARD OF COMMISSIONERS
Year Ended December 31, 2003
See Accountant's Compilation Report

Roland Harrington, President	\$ 250
Ravis Menard	250
Jimmie J. Meaux, Sr.	250
Nicholas Boudreaux	100
Michael Couvillion	<u>100</u>
Total	<u>\$ 950</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.



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

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Lawrence A. Cramer, CPA* 1999
Michael P. Crochet, CPA* 1999
Ralph Friend, CPA 2002

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Roland Harrington
and the Board of Commissioners
Coulee Baton 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 Coulee Baton Gravity Drainage District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Coulee Baton Gravity Drainage District No. 1 compliance with certain laws and regulations during the year ended December 31, 2003, 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.

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.

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

Management provided us with the required list of board members, as defined by the code of ethics, along with a list of outside business interest of all board members and employees, including their immediate families.

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.

No employees included on the list provided by management in 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.

Management provided us with a copy of the original budget and all amendments made during the year.

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

We traced the adoption of the original budget to the minutes of a meeting held on January 22, 2003. We traced the amendment to the original budget to the minutes of a meeting held on December 2, 2003.

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.

We compared revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not vary from the budgeted amounts by more than 5%.

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 Roland Harrington
and the Board of Commissioners
Coulee Baton 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).

Coulee Baton 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 May 26, 2003, included comments and unresolved matters addressed in the Summary Schedule of Prior Year Findings.

The Honorable Roland Harrington
and the Board of Commissioners
Coulee Baton 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 Coulee Baton 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor, State of Louisiana, as a public document.

Broussard, Poche, Lewis & Breaux LLP

Crowley, Louisiana
March 16, 2004

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 1974 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 14:138, 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.

Demetrius Gulin Secretary 2-5-04 Date
Stume Treasurer _____ Date
Roland J. Harrington President 2-5-04 Date

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

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended December 31, 2003

Section I. Internal Control and Compliance Material to the Financial Statements

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 bank statements, and enters information into general ledger.

Recommendation and Response: We recommend, and management agrees, that duties be segregated in 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 cost would exceed benefits.

Budget Adoption

Finding: A budget was not adopted in open meeting before the beginning of the year as required by the Local Government Act (LSA-RS: 1301-1316).

Cause: The District failed to adopt a budget prior to the beginning of the year.

Recommendation and Response: We recommend, and management agrees, that the District adopt a budget prior to the beginning of the year as required by the Local Government Budget Act.

Section II. Internal Control and Compliance Material to Federal Awards

The District did not receive any federal awards for the year ended December 31, 2003.

Section III. Management Letter

The District did not receive a management letter for the year ended December 31, 2003.

Responsible party: Ronald Harrington, President

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

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended December 31, 2003

I. Internal Control and Compliance Material to the Financial Statements

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 bank statements, and enters information into general ledger.

Recommendation and Response: We recommend and management agrees, that duties be segregated in 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 the District's limited resources. The cost would exceed benefits.

Current Status: 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 cost would exceed benefits. The finding is included in the schedule of findings and recommendations.

Code of Ethics for Public Officials and Public Employees

Finding: Management failed to provide a list of immediate family members of each board member as defined by the code of ethics, and a list of outside interest of all board members and employees, as well as their immediate families.

Cause: Not all board members provided information regarding their immediate families and business interests.

Recommendation and Response: We recommend, and management agrees, that all board members provide information regarding immediate families and business interests.

Current Status: Management has failed to provide a list of immediate family members of each board member as defined by the code of ethics, and a list of outside interests of all board members and employees, as well as their immediate families. This finding has been resolved in the current year.

II. Internal Control and Compliance Material to Federal Awards

The District did not receive any federal awards for the year ended December 31, 2002.

III. Management Letter

The District did not receive a management letter for the year ended December 31, 2002.

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

MANAGEMENT'S CORRECTIVE ACTION PLAN
Year Ended December 31, 2003

Section I. Internal Control and Compliance Material to the Financial Statements

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 bank statements, and enter information into general ledger.

Recommendation and Response: We recommend, and management agrees, that duties be segregated in 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 cost would exceed benefits.

Budget Adoption

Finding: A budget was not adopted in open meeting before the beginning of the year as required by the Local Government Act (LSA-RS: 1301-1316).

Cause: The District failed to adopt a budget prior to the beginning of the year.

Recommendations and Response: We recommend, and management agrees, that the District adopt a budget prior to the beginning of the year as required by Local Government Budget Act.

Section II. Internal Control and Compliance Material to Federal Awards

The District did not receive any federal awards for the year ended December 31, 2003.

Section III. Management Letter

The District did not receive a management letter for the year ended December 31, 2003.

Responsible party: Ronald Harrington, President