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COULEE DES JONS GRAVITY DRAINAGE DISTRICT NO. 1
OF VERMILION PARISH
FINANCIAL REPORT
DECEMBER 31, 1996

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Release Date JUL 16 1997



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CERTIFIED PUBLIC ACCOUNTANTS

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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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Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants

The Honorable Glenray Trahan
and the Board of Commissioners
Coulee Des Jons Gravity Drainage District No. 1
Abbeville, Louisiana

We have audited the general purpose financial statements of the Coulee Des Jons 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.

Compliance with laws, regulations, contracts, and grants applicable to the Coulee Des Jons Gravity Drainage District No. 1 is the responsibility of the Board of Commissioners. 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 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

The Honorable Glenray Trahan
and the Board of Commissioners
Coulee Des Jons Gravity Drainage District No. 1

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition 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 of 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 Poche, Lewis & Breaux

Abbeville, Louisiana
June 19, 1997



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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 Glenray Trahan
and the Board of Commissioners
Coulee Des Jons Gravity Drainage District No. 1
Abbeville, Louisiana

We have audited the general purpose financial statements of the Coulee Des Jons 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 Des Jons 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 Des Jons 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 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.

COULEE DES JONS 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> |
|-------------------|-----------------|-----------------|
| Sidman Adams | \$ 400 | \$ 200 |
| Dexter Callahan | 550 | 600 |
| Melvin Faulk, Sr. | 600 | 550 |
| Glenray Trahan | 600 | 650 |
| Larry Trahan | 550 | 600 |
| Total | <u>\$ 2,700</u> | <u>\$ 2,600</u> |

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

The per diem paid to board members is included in the expenditures of the general fund. In accordance with Louisiana Revised Statute 38:1794, each member of the board receives \$50 for each day of attendance at meetings of the board, not to exceed 36 days each year and for each day spent in the service of the board.

SUPPLEMENTARY INFORMATION

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NOTES TO FINANCIAL STATEMENTS

Note 5. Changes in General Long-Term Obligations

The following is a summary of the long-term obligation transactions for the two years ended December 31, 1996:

| | <u>Installment Purchase</u> |
|----------------------------|---------------------------------|
| Balance, December 31, 1994 | \$141,073 |
| 1995 Principal payments | (22,246) |
| 1996 Principal payments | <u>(26,263)</u> |
| Balance, December 31, 1996 | <u>\$ 92,564</u> |

In 1994, the District purchased a tractor and boom mower under a four year capital lease at a cost of \$42,896. In August of 1996, the District purchased a new excavator under a five year capital lease at a cost of \$128,736, after a trade-in of a 1987 Caterpillar backhoe. Upon expiration of both leases, the ownership will transfer automatically to the District. The following is a schedule by year of future minimum lease payments under these capital lease commitment as of December 31, 1996:

| | |
|--|------------------|
| 1997 | \$ 37,679 |
| 1998 | 37,679 |
| 1999 | <u>25,119</u> |
| Total minimum lease payments | \$100,477 |
| Less amount representing interest payments | <u>(7,913)</u> |
| Present value of minimum lease payments | <u>\$ 92,564</u> |

NOTES TO FINANCIAL STATEMENTS

Vacation, sick leave, and pension plan:

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. The Drainage District has no pension plan. 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.

Total columns on financial statements:

The total columns on the financial statements are captioned "Memorandum Only" to indicate it is presented only to facilitate financial analysis. The data in this column does not present financial position 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. Levied Taxes

The following is a summary of levied ad valorem taxes:

| | <u>1996</u> | <u>1995</u> |
|-----------------------------|--------------|--------------|
| General corporate purposes: | | |
| Operations & maintenance | <u>10.71</u> | <u>10.35</u> |

Note 3. Changes in General Fixed Assets

The following is a summary of changes in general fixed assets for the two years ending December 31, 1996:

| | |
|----------------------------|------------------|
| Balance, December 31, 1994 | \$372,530 |
| Additions - 1995 and 1996 | 6,950 |
| Reductions - 1995 and 1996 | <u>(5,000)</u> |
| Balance, December 31, 1996 | <u>\$374,480</u> |

Note 4. Cash and Cash Equivalents

At December 31, 1996, the District has cash in the form of interest-bearing demand deposits totaling \$238,830. These (book balances) deposits are stated at cost, which approximates market. Under state law, these deposits 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. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The District has deposit balances (collected bank balances) of \$244,098 at December 31, 1996. These deposits are fully secured from risk by \$100,000 of federal deposit insurance (GASB Category 1) and \$509,710 of pledged securities (GASB Category 3).

NOTES TO FINANCIAL STATEMENTS

General fixed assets and long-term obligations:

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

Long-term obligations are accounted for in the general long-term debt account group, not in the general fund. 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.

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.

Interest income represents amounts earned on checking accounts and certificates of deposit invested with financial institutions. Interest earned is recorded when received.

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.

Budget practices:

Louisiana law exempts all special districts created before December 31, 1974, from the requirements of the Local Government Budget Act. The Coulee Des Jons Gravity Drainage District No. 1 of Vermilion Parish was created April 1, 1912, 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. Therefore, the accompanying financial statements do not include a comparison of revenues and expenditures to budget.

Cash and investments:

Under state law, the Drainage District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

COULEE DES JONS GRAVITY DRAINAGE DISTRICT NO. 1
VERMILION PARISH POLICE JURY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The Coulee Des Jons Gravity Drainage District No. 1 of Vermilion Parish was created under the authority of Louisiana Revised Statutes 38:1751-1802. The Drainage District is situated in North-Central Vermilion Parish and was created on April 1, 1912, for the purpose of opening and maintaining all natural drains in the district, where drainage is accomplished using the natural force of gravity. This may be accomplished by cutting and opening new drains, ditches, and canals. As provided by Louisiana Revised Statute 38:1758, the Drainage District is governed by five commissioners. These five commissioners are collectively referred to as the board of commissioners and are appointed by the Vermilion Parish Police Jury.

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.

GASB Codification Section 2100 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the Police Jury is determined on the basis of the following criteria:

1. Appointment of governing board
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

Because the Police Jury appoints the governing board and can influence the scope of public service, the drainage district was determined to be 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 parish police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the governmental reporting entity.

Fund accounting:

The Drainage District is organized on the basis of a fund (general fund) and account groups, each of which is considered a separate accounting entity. The operations of the general fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. The general fund is the general operating fund of the District and accounts for all of its activities.

COULEE DES JONS 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>Total (Memorandum Only)</u> |
|--|-------------------------|----------------------------------|--|
| Revenues: | | | |
| Taxes: | | | |
| Ad valorem | \$170,119 | \$ - | \$170,119 |
| Intergovernmental: | | | |
| State revenue sharing | 20,597 | - | 20,597 |
| Other | 5,356 | 355 | 5,711 |
| Total revenues | <u>\$196,072</u> | <u>\$ 355</u> | <u>\$196,427</u> |
| Expenditures: | | | |
| Current: | | | |
| Public works ~ drainage: | | | |
| Salaries and related benefits | \$ 62,770 | \$ - | \$ 62,770 |
| Compensation paid to board of commissioners | 2,600 | - | 2,600 |
| Accounting and legal Office | 3,750 | - | 3,750 |
| Insurance | 684 | - | 684 |
| Pension | 28,781 | - | 28,781 |
| Uncollected taxes | 5,449 | - | 5,449 |
| Materials and supplies | 2,402 | - | 2,402 |
| Repairs and maintenance | 1,834 | - | 1,834 |
| Utilities | 22,569 | - | 22,569 |
| Miscellaneous | 239 | - | 239 |
| Miscellaneous | 25 | - | 25 |
| Debt service: | | | |
| Principal retirements | 22,246 | - | 22,246 |
| Interest and fiscal charges | 8,235 | - | 8,235 |
| Total expenditures | <u>\$161,584</u> | <u>\$ -</u> | <u>\$161,584</u> |
| Excess of revenues over expenditures | \$ 34,488 | \$ 355 | \$ 34,843 |
| Fund balances, beginning | 363,845 | - | 363,845 |
| Residual equity transfer in | 355 | - | 355 |
| Residual equity transfer out | <u>-</u> | <u>(355)</u> | <u>(355)</u> |
| Fund balances, ending | <u>\$398,688</u> | <u>\$ -</u> | <u>\$398,688</u> |

See Notes to Financial Statements.

COULEE DES JONS 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>Total (Memorandum Only)</u> |
|--|-------------------------|----------------------------------|--|
| Revenues: | | | |
| Taxes: | | | |
| Ad valorem | \$185,839 | \$ - | \$185,839 |
| Intergovernmental: | | | |
| State revenue sharing | 20,873 | - | 20,873 |
| Other | 6,177 | - | 6,177 |
| Total revenues | <u>\$212,889</u> | <u>\$ -</u> | <u>\$212,889</u> |
| Expenditures: | | | |
| Current: | | | |
| Public works - drainage: | | | |
| Salaries and related benefits | \$ 63,440 | \$ - | \$ 63,440 |
| Compensation paid to board of commissioners | 2,700 | - | 2,700 |
| Accounting and legal | 10,287 | - | 10,287 |
| Office | 906 | - | 906 |
| Insurance | 26,548 | - | 26,548 |
| Pension | 5,974 | - | 5,974 |
| Uncollected taxes | 3,523 | - | 3,523 |
| Materials and supplies | 3,061 | - | 3,061 |
| Repairs and maintenance | 23,282 | - | 23,282 |
| Telephone | 408 | - | 408 |
| Miscellaneous | 1,145 | - | 1,145 |
| Capital outlay | 6,950 | - | 6,950 |
| Debt service: | | | |
| Principal retirements | 26,263 | - | 26,263 |
| Interest and fiscal charges | 6,630 | - | 6,630 |
| Total expenditures | <u>\$181,117</u> | <u>\$ -</u> | <u>\$181,117</u> |
| Excess of revenues over expenditures | \$ 31,772 | \$ - | \$ 31,772 |
| Fund balances, beginning | <u>398,688</u> | <u>-</u> | <u>398,688</u> |
| Fund balances, ending | <u>\$430,460</u> | <u>\$ -</u> | <u>\$430,460</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> |
| \$ - | \$ - | \$ 238,830 |
| - | - | 199,686 |
| 374,480 | - | 374,480 |
| <u>-</u> | <u>92,564</u> | <u>92,564</u> |
| <u>\$374,480</u> | <u>\$ 92,564</u> | <u>\$ 905,560</u> |
| | | |
| \$ - | \$ - | \$ 1,856 |
| - | - | 6,200 |
| <u>-</u> | <u>92,564</u> | <u>92,564</u> |
| <u>\$ -</u> | <u>\$ 92,564</u> | <u>\$ 100,620</u> |
| | | |
| \$374,480 | \$ - | \$ 374,480 |
| <u>-</u> | <u>-</u> | <u>430,460</u> |
| <u>\$374,480</u> | <u>\$ -</u> | <u>\$ 804,940</u> |
| <u>\$374,480</u> | <u>\$ 92,564</u> | <u>\$ 905,560</u> |

COULEE DES JONS GRAVITY DRAINAGE DISTRICT NO. 1
VERMILION PARISH POLICE JURY

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

| ASSETS | <u>Governmental Fund Types</u> | |
|---|--------------------------------|--------------------------|
| | <u>General Fund</u> | <u>Debt Service Fund</u> |
| Cash | \$238,830 | \$ - |
| Receivables | 199,686 | - |
| Land, equipment, and buildings | - | - |
| Amount to be provided for retirement of installment purchase payable | <u>-</u> | <u>-</u> |
| Total assets | <u>\$438,516</u> | <u>\$ -</u> |
| LIABILITIES AND FUND EQUITY | | |
| Liabilities: | | |
| Accounts payable | \$ 1,856 | \$ - |
| Other payables | 6,200 | - |
| Installment purchase payable | <u>-</u> | <u>-</u> |
| Total liabilities | <u>\$ 8,056</u> | <u>\$ -</u> |
| Fund Equity: | | |
| Investment in general fixed assets | \$ - | \$ - |
| Fund balances: | | |
| Unreserved - undesignated | <u>430,460</u> | <u>-</u> |
| Total fund equity | <u>\$430,460</u> | <u>\$ -</u> |
| Total liabilities and fund equity | <u>\$438,516</u> | <u>\$ -</u> |

See Notes to Financial Statements.



BROUSSARD, POCHE, LEWIS & BREAU

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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The Honorable Glenray Trahan
and the Board of Commissioners
Coulee Des Jons Gravity Drainage District No. 1
Abbeville, Louisiana

We have audited the financial statements of the Coulee Des Jons Gravity Drainage District No. 1, a component unit of the Vermilion Parish Police Jury, as of December 31, 1996, and for the two years then ended 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 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 Des Jons 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 is presented for purposes of additional analysis and is not a required part of the financial statements of the Coulee Des Jons Gravity Drainage District No. 1. Such information has been subjected to the procedures applied in the audit of the 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.

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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Erna R. Walton, CPA 1988

George A. Lewis, CPA* 1992

Geraldine J. Wimberley, CPA* 1995

Rodney L. Savoy, CPA* 1996

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