

04 JUN -7 AM

ISLE MARRONE GRAVITY DRAINAGE DISTRICT NO. 1
OF VERMILION PARISH

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 6-16-04

CONTENTS

	Page
ACCOUNTANT'S COMPILATION REPORT	1
FINANCIAL STATEMENTS	
Combined balance sheet - all fund types and account groups	2 and 3
Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types	4
Combined statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual - all governmental fund types	5
Notes to financial statements	6-11
SUPPLEMENTARY INFORMATION	
Schedule of compensation paid to board members	14
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	15-18
LOUISIANA ATTESTATION QUESTIONNAIRE	19 and 20
Summary schedule of prior year findings	21



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

CERTIFIED PUBLIC ACCOUNTANTS

122 East 5th St.
P.O. Drawer 307
Crowley, Louisiana
70527-0307
phone: (337) 783-0650
fax: (337) 783-7238

ACCOUNTANT'S COMPILATION REPORT

Other Offices:

Lafayette, LA
(337) 988-4930
Opelousas, LA
(337) 942-5217
Abbeville, LA
(337) 898-1497
New Iberia, LA
(337) 364-4554
Church Point, LA
(337) 684-2855

Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambousy, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
George J. Trappey III, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick D. McCarthy, CPA*
Martha B. Wyatt, CPA*
Troy J. Breau, CPA*
Fayette T. Dupre', CPA*
Mary A. Castille, CPA*
Joey L. Breau, CPA*
Terrel P. Dressel, CPA*

Retired:

Sidney L. Broussard, CPA 1980
Leon K. Poche', CPA 1984
James H. Breau, CPA 1987
Erna 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

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

We have compiled the accompanying general purpose financial statements of Isle Marrone Gravity Drainage District No. 1, as of and for the year ended December 31, 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 Isle Marrone Gravity Drainage District No. 1. We have not audited or reviewed the accompanying general purpose financial statements and the supplementary schedule and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of State law, we have issued a report dated April 6 2004, on the results of our agreed-upon procedures.

Broussard, Poche', Lewis & Breau LLP

Crowley, Louisiana
April 6, 2004

ISLE MARRONE 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

	Governmental Fund Types		
	General Fund	Debt Service Fund	Capital Project Fund
ASSETS			
Cash	\$ 32,229	\$ 47,444	\$ 80,202
Certificates of deposit	-	85,409	-
Receivables	143,825	94,679	-
Due from capital project fund	35,375	-	-
Equipment	-	-	-
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets	\$ 211,428	\$ 227,532	\$ 80,202
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 1,455	\$ -	\$ -
Other payables	49	-	-
Deduction from ad valorem taxes	4,779	3,186	-
Due to general fund	-	-	35,375
Bonds payable	-	-	-
Total liabilities	\$ 6,283	\$ 3,186	\$ 35,375
Fund equity:			
Investment in general fixed assets	\$ -	\$ -	\$ -
Fund balances:			
Reserved for debt service	\$ -	\$ 224,346	\$ -
Unreserved - undesignated	205,145	-	44,827
Total fund balance	\$ 205,145	\$ 224,346	\$ 44,827
Total liabilities and fund equity	\$ 211,428	\$ 227,532	\$ 80,202

See Notes to Financial Statements.

Account Groups		Total (Memorandum Only)
General Fixed Assets	General Long-Term Debt	
\$ -	\$ -	\$ 159,875
-	-	85,409
-	-	238,504
-	-	35,375
163,906	-	163,906
-	224,346	224,346
-	215,654	215,653
<u>\$ 163,906</u>	<u>\$ 440,000</u>	<u>\$ 1,123,068</u>

\$ -	\$ -	\$ 1,455
-	-	49
-	-	7,965
-	-	35,375
-	440,000	440,000
<u>\$ -</u>	<u>\$ 440,000</u>	<u>\$ 484,844</u>

<u>\$ 163,906</u>	<u>\$ -</u>	<u>\$ 163,906</u>
-------------------	-------------	-------------------

\$ -	\$ -	\$ 224,346
-	-	249,972
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 474,318</u>
<u>\$ 163,906</u>	<u>\$ 440,000</u>	<u>\$ 1,123,068</u>

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

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

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	<u>Total (Memorandum Only)</u>
Revenues:				
Taxes:				
Ad valorem	\$ 149,592	\$ 99,728	\$ -	\$ 249,320
Intergovernmental:				
State revenue sharing	2,711	-	-	2,711
Other:				
Investment income	887	2,689	689	4,265
Insurance premium refund	2,479	-	-	2,479
Total revenues	<u>\$ 155,669</u>	<u>\$ 102,417</u>	<u>\$ 689</u>	<u>\$ 258,775</u>
Expenditures:				
Current:				
Public works - drainage:				
Salaries and related benefits	\$ 68,983	\$ -	\$ -	\$ 68,983
Compensation paid to board members	14,020	-	-	14,020
Insurance	18,178	-	-	18,178
Repairs and maintenance	15,337	-	-	15,337
Material and supplies	871	-	-	871
Office supplies	467	-	-	467
Accounting and legal	5,400	-	-	5,400
Uncollected taxes	5,976	3,777	-	9,753
Bank commission fees	-	2,353	-	2,353
Pension	4,779	3,186	-	7,965
Telephone	705	-	-	705
Fuel and lubricant	13,585	-	-	13,585
Moving expenses	5,500	-	-	5,500
Construction	12,850	-	27,020	39,870
Miscellaneous	1,283	(26)	-	1,257
Debt service:				
Principal retirements	-	45,000	-	45,000
Interest and fiscal charges	-	20,720	-	20,720
Total expenditures	<u>\$ 167,934</u>	<u>\$ 75,010</u>	<u>\$ 27,020</u>	<u>\$ 269,964</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (12,265)</u>	<u>\$ 27,407</u>	<u>\$ (26,331)</u>	<u>\$ (11,189)</u>
Fund balance, beginning	217,410	196,939	71,158	485,507
Fund balance, ending	<u>\$ 205,145</u>	<u>\$ 224,346</u>	<u>\$ 44,827</u>	<u>\$ 474,318</u>

See Notes to Financial Statements.

ISLE MARRONE 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
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues:			
Taxes:			
Ad valorem	\$ 142,299	\$ 149,592	\$ 7,293
Intergovernmental:			
State revenue sharing	2,754	2,711	(43)
Other:			
Investment income	597	887	290
Insurance premium refund	2,574	2,479	(95)
Total revenues	<u>\$ 148,224</u>	<u>\$ 155,669</u>	<u>\$ 7,445</u>
Expenditures:			
Current:			
Public works - drainage:			
Salaries and related benefits	\$ 69,098	\$ 68,983	\$ 115
Compensation paid to board members	14,085	14,020	65
Insurance	17,843	18,178	(335)
Repairs and maintenance	13,157	15,337	(2,180)
Material and supplies	1,500	871	629
Office supplies	467	467	-
Accounting and legal	5,400	5,400	-
Uncollected taxes	-	5,976	(5,976)
Pension	-	4,779	(4,779)
Telephone	648	705	(57)
Fuel and lubricant	13,216	13,585	(369)
Moving expenses	4,930	5,500	(570)
Construction	12,850	12,850	-
Miscellaneous	1,323	1,283	40
Total expenditures	<u>\$ 154,517</u>	<u>\$ 167,934</u>	<u>\$ (13,417)</u>
Deficiency of revenues over expenditures	<u>\$ (6,293)</u>	<u>\$ (12,265)</u>	<u>\$ (5,972)</u>
Fund balance, beginning	217,410	217,410	-
Fund balance, ending	<u>\$ 211,117</u>	<u>\$ 205,145</u>	<u>\$ (5,972)</u>

See Notes to Financial Statements.

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

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

Note 1. Summary of Significant Accounting Policies

As provided by Louisiana Revised Statute 38:1758, the Isle Marrone Gravity Drainage District No. 1 (the "District") is governed by five commissioners. These five commissioners are referred to as the Board of Commissioners and are appointed by the Vermilion Parish Police Jury. The District was created under the authority of Louisiana Revised Statutes 38:1751-1802 and was established for the purpose of draining and reclaiming the undrained or partially drained marsh, swamp, and overflowed lands in the district that must be levied and pumped in order to be drained and reclaimed.

Basis of presentation:

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the generally accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below:

Financial reporting entity:

A financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. GASB Statement No. 14, *The Financial Reporting Entity*, establishes criteria for determining which entities should be considered a component and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. A potential component unit must have separate corporate powers that distinguish it as being legally separate from the primary government. These include the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued in its own name without recourse to a state or local government, and the right to buy, sell, lease, and mortgage property in its own name.
2. The primary government must be financially accountable for a potential component unit. Financial accountability may exist as a result of the primary government appointing a voting majority of the potential component unit's governing body; their ability to impose their will on the potential component unit by significantly influencing the programs, projects, activities, or level of services performed or provided by the potential component unit; or the existence of a financial benefit or burden. In addition, financial accountability may also exist as a result of a potential component unit being fiscally dependent on the primary government.

In some instances, the potential component unit should be included in the reporting entity (even when the criteria in No. 2 above are not met), if exclusion would render the reporting entity's financial statements incomplete or misleading.

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

Basis of presentation -- fund accounting:

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities. The various funds are summarized by type and grouped in the financial statements of this report as follows:

Governmental Funds

Governmental funds are used to account for all or most of the governmental entity's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund:

The General Fund is the general operating fund of the District and accounts for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund:

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt 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).

Account Groups

Account groups are reporting devices used to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with the measurement of the results of operations.

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

General Fixed Assets Account Group:

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized with general fixed assets, as these assets are immovable and of value only to the District. In accordance with generally accepted accounting principles, no provision is made for depreciation of such assets in the General Fixed Assets Account Group.

All fixed assets are stated on the basis of historical cost. Assets acquired through gift or donation are recorded at their estimated fair value at time of acquisition.

General Long-Term Debt Account Group:

Long-term debt and long-term liabilities expected to be financed with resources to be provided in future periods from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

Basis of accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements; measurement focus refers to what is being measured. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental funds use a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spending resources." Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spending resources" during a period. The modified accrual basis of accounting is utilized by the governmental fund types. Their revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Taxpayer-assessed income, gross receipts, and sales taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditure-driven grant revenues are recorded when the qualifying expenditures have been incurred and all other grant requirements have been met.

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued because they do not vest or accumulate; and (2) principal and interest on general long-term debt which is recognized when due.

Budgets and budgetary accounting:

The budgeted revenues and expenditures are based on current findings 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.

Encumbrances:

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the District.

Comparative data:

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Total column on the financial statements:

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

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Cash and investments:

For purposes of reporting cash flows, the District considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

Short-term interfund receivables and payables:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Pensions:

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

Vacation and sick leave:

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

Note 2. Receivables

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

	<u>General Fund</u>	<u>Debt Service Fund</u>
Ad valorem tax	\$ 142,018	\$94,679
State revenue sharing	<u>1,807</u>	<u>-</u>
	<u>\$ 143,825</u>	<u>\$94,679</u>

Note 3. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Equipment</u>
Balance, December 31, 2002	\$163,906
Additions - 2003	-
Deductions - 2003	<u>-</u>
Balance, December 31, 2003	<u>\$163,906</u>

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

Note 4. Changes in General Long-Term Debt Obligations

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

	<u>Bonded Debt</u>
Long-term obligations payable at December 31, 2002	\$ 485,000
Reductions:	
2003 Principal payments	<u>45,000</u>
Long-term obligations payable at December 31, 2003	<u>\$ 440,000</u>
General obligation bonds are comprised of the following individual issues:	
Original issue of \$360,000 General Obligation Bonds dated May 1, 1985, retired in various annual installments, interest rate 9.50% to 11.50%, final maturity March 1, 2005	\$ 30,000
Original issue of \$145,000 General Obligation Bonds dated May 1, 1989, retired in various annual installments, interest rate 7.40% to 11.00%, final maturity March 1, 2009	30,000
Original issue of \$155,000 General Obligation Bonds dated October 1, 1995, retired in various annual installments, interest rate 4.85% to 6.00%, final maturity March 1, 2015	120,000
Original issue of \$300,000 General Obligation Bonds dated February 1, 2001, retired in various annual installments, interest rate .10% to 7.00%, final maturity February 1, 2016	<u>260,000</u>
Total General Obligation Bonds	<u>\$ 440,000</u>

NOTES TO FINANCIAL STATEMENTS
See Accountant's Compilation Report

The annual requirements to amortize all bonds outstanding at December 31, 2003, are as follows:

<u>Year Ending</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2004	\$ 40,000	\$ 25,144	\$ 65,144
2005	40,000	22,483	62,483
2006	25,000	20,500	45,500
2007	30,000	19,074	49,074
2008	20,000	10,222	30,222
2009 and thereafter	<u>285,000</u>	<u>66,190</u>	<u>351,190</u>
Total	<u>\$440,000</u>	<u>\$163,613</u>	<u>\$603,613</u>

SUPPLEMENTARY INFORMATION

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

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS

Year Ended December 31, 2003

See Accountant's Compilation Report

Earl Dartez, Supervisor	\$ 9,600
John O. Abshire	1,170
Randall Dale Stelly	910
Paul Suire	1,170
Lovelace Leonard	<u>1,170</u>
Total	<u>\$14,020</u>

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

Per Diem for attendance at meetings of the board was \$65.

The supervisor receives a fixed amount of \$800 per month for meeting attendance as well as the coordination of drainage work.



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

CERTIFIED PUBLIC ACCOUNTANTS

122 East 5th St.
P.O. Drawer 307
Crowley, Louisiana
70527-0307
phone: (337) 783-0650
fax: (337) 783-7238

Other Offices:

Lafayette, LA
(337) 988-4930
Opelousas, LA
(337) 942-5217
Abbeville, LA
(337) 898-1497
New Iberia, LA
(337) 364-4554
Church Point, LA
(337) 684-2855

Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambousy, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
George J. Trappey III, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick D. McCarthy, CPA*
Martha B. Wyatt, CPA*
Troy J. Breaux, CPA*
Fayette T. Dupre', CPA*
Mary A. Castille, CPA*
Joey L. Breaux, CPA*
Terrel P. Dressel, CPA*

Retired:

Sidney L. Broussard, CPA 1980
Leon K. Poche', CPA 1984
James H. Breaux, CPA 1987
Lrma 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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Isle Marrone Gravity Drainage District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Isle Marrone Gravity Drainage District No. 1's compliance with certain laws and regulations during the year ended December 31, 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, nor 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.

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

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 and amended budget.

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 December 11, 2002. The adoption of the amended budget was traced to a meeting held on December 3, 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 the revenues and expenditures for the final budget to actual revenues and expenditures. Actual revenues met the budgeted amount by 5% and the expenditures exceeded 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.

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

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

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

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

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

Meetings

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

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

Debt

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

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

Advances and Bonuses

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

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

Prior Comments and Recommendations

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

Our prior year report, dated April 9, 2003, included comments and unresolved matters addressed in the Summary Schedule of Prior Year Findings.

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

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

This report is intended for the use of management of Isle Marrone Gravity Drainage District No. 1 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor, State of Louisiana, as a public document.

Broussard, Poche Lewis & Breau LLP

Crowley, Louisiana
April 6, 2004

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

2-4-04 (Date Transmitted)

Broussard, Poché, Lewis & Breaux

P.O. Drawer 307

Crowley, LA 70527

(Auditors)

In connection with your compilation of our financial statements as of December 31, 2003 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of 2-15-04.

Public Bid Law

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

Yes [☒] No []

Code of Ethics for Public Officials and Public Employees

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

Yes [☒] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [☒] No []

Budgeting

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

Yes [☒] No []

Accounting and Reporting

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

Yes [☒] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [☒] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.
Yes [☒] No []

Meetings

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

Yes [☒] No []

Debt

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

Yes [☒] No []

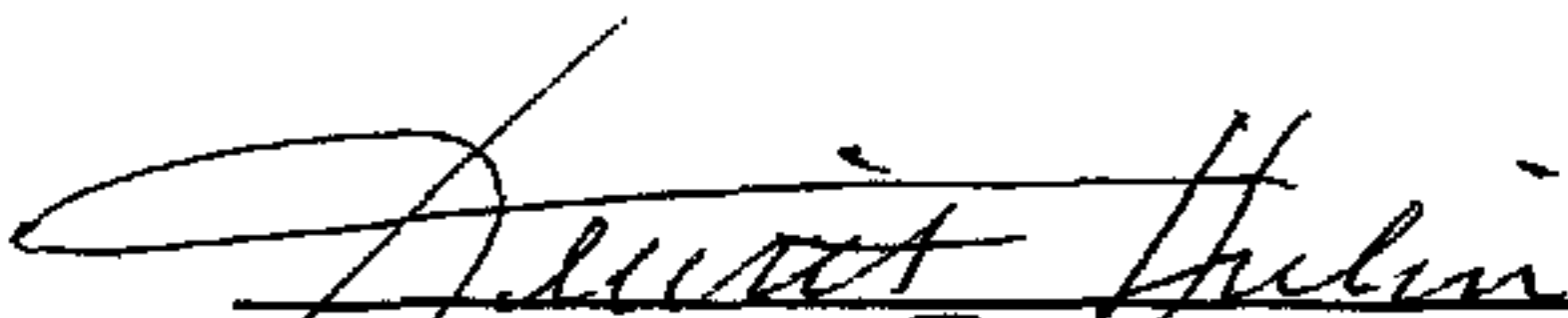


Advances and Bonuses

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.

	Secretary	<u>2-4-04</u>	Date
	Treasurer		Date
	President	<u>2-4-04</u>	Date

ISLE MARRONE GRAVITY DRAINAGE DISTRICT NO. 1 OF VERMILION PARISH

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 financing 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 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: This matter has not been resolved due to the fact that the District cannot afford to hire more administrative employees due to the District's limited resources. The cost would exceed benefits.

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 District did not receive a management letter in the prior year.

ISLE MARRONE GRAVITY DRAINAGE DISTRICT NO.1 OF VERMILION PARISH

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 financing 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 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.

Budgeting

Finding: Actual expenditures exceeded budgeted amounts by more than 5%. Actual expenditures exceeded budgeted amounts by 8.68%.

Cause: No amendments were made to the budget to meet the 5% rule.

Recommendation and Response: We recommend that management monitor the budget more closely and present amendments to the Board for their approval as deemed necessary.

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: Earl Dartez, President