

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
A COMPONENT UNIT OF THE
STATE OF LOUISIANA**

**ANNUAL FINANCIAL REPORT
Year Ended June 30, 2016**

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Grand Isle Independent Levee District
Grand Isle, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparison for the General Fund of the Grand Isle Independent Levee District (the "District"), a component unit of the State of Louisiana, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the budgetary comparison for the General Fund of the Grand Isle Independent Levee District as of June 30, 2016 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated August 28, 2016, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



August 28, 2016

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
PO BOX 757
GRAND ISLE, LA 70358

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Grand Isle Independent Levee District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016.

We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 14. All amounts, unless otherwise noted, are expressed in thousands (\$1,000'S) of dollars.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$10,786 (*net position*). Of this amount, \$9,966 or 92.4 percent is invested in capital assets, such as infrastructure (levees and breakwaters), vehicles and equipment. The remaining balance of \$820 (*unrestricted net position*) or 7.6 percent may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$4,543 or 72.8 percent during the current year because total revenues exceeded total expenses by that amount and capital assets increased. The revenues of the District totaled \$4,814, an increase of \$3,085 over last year. The major item leading to the increase is state revenues associated with the Breakwater Project and the Fifi Island Restoration project. Property taxes were also up \$44 over last year as taxable assessments increased. The expenses of the District totaled \$271, an increase of \$10 from last year, primarily in professional fees.
- As of the close of the current fiscal year, the District's governmental fund (the General Fund) reported ending fund balance of \$536, an increase of \$125 or 30.5 percent in comparison with the prior year. Approximately \$536 or 100.0 percent of this total amount is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$536 or 11.4 percent of total general fund expenditures.
- The District has prided itself on operating on a "pay-as-you-go" basis and has not incurred any new debt for the past several years.
- Subsequent to year end, the District accepted a settlement offer from BP related to the 2010 oil spill. The revenue will be recognized in 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Grand Isle Independent Levee District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The "government-wide financial statements" are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The "Statement of Net Position" presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The "Statement of Activities" presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements are designed to distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The District only has governmental activities.

The government-wide financial statements include only the financial activities of the Grand Isle Independent Levee District, which is a component unit of the State of Louisiana. The State of Louisiana (the primary government) issues financial statements that include the activity contained in these financial statements. The State's financial statements are issued by the Louisiana Division of Administration – Office of Statewide Reporting and Accounting Policy and are audited by the Louisiana Legislative Auditor. The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund financial statements. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District's funds can be classified into three categories: governmental funds, proprietary funds, and fiduciary funds. As discussed below, the District only presents governmental funds.

Governmental funds. “Governmental funds” are used to account for essentially the same functions reported as “governmental activities” in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for “governmental funds” with similar information presented for “governmental activities” in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between “governmental fund” and “governmental activities”.

The District maintains only one fund (the General Fund). Information is presented in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General fund.

The District adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 to 20 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 32 of this report.

Other information. Individual fund statements and schedules, which show additional detailed financial information on the General Fund is found on pages 34 and 35. Other Supplemental information, which includes a Schedule of Per Diems Paid to Board Members, a Schedule of Compensation and Other Payments to the Agency Head, and a Schedule of State Funding is included on pages 38 to 40.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$10,786 at June 30, 2016.

A large portion of the District's net position (\$9,966 or 92.4 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and fixtures, heavy equipment, vehicles, and infrastructure – levees and breakwaters) less any related debt used to acquire those assets that is still outstanding. The District used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

GRAND ISLE INDEPENDENT LEVEE DISTRICT

	Governmental Activities <u>2016</u>		Governmental Activities <u>2015</u>	
Current and other assets	\$ 820		\$ 1,456	
Capital assets	<u>10,249</u>		<u>5,832</u>	
Total assets	<u>11,069</u>		<u>7,288</u>	
Long-term liabilities outstanding	0		0	
Other liabilities	<u>283</u>		<u>1,045</u>	
Total liabilities	<u>283</u>		<u>1,045</u>	
Net position:				
Invested in capital assets, net of related debt	9,966	92.4%	4,787	76.7%
Restricted	0	0.0%	0	0.0%
Unrestricted	<u>820</u>	7.6%	<u>1,456</u>	23.3%
Total net position	<u>\$ 10,786</u>		<u>\$ 6,243</u>	

The balance of *unrestricted net position* (\$820 or 7.6 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At June 30, 2016, the District is able to report positive fund balances in all three categories of net position.

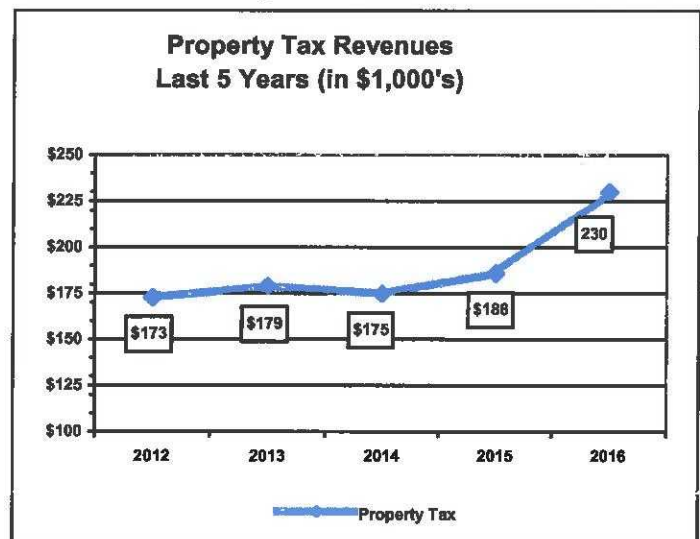
The District's net position increased by \$4,543, or 72.8 percent during the current fiscal year.

Governmental Activities. Governmental activities decreased the District's net position by \$4,543 or 72.8 percent. Key elements of this increase are as follows:

GRAND ISLE INDEPENDENT LEVEE DISTRICT

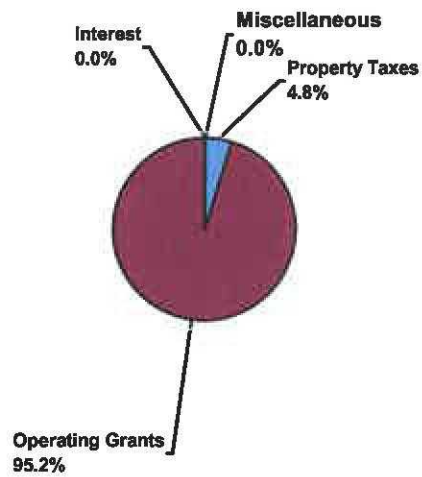
	Governmental Activities <u>2016</u>		Governmental Activities <u>2015</u>	
Revenues:				
Program revenues:				
Charges for services	\$ -	0.0%	\$ -	0.0%
Operating grants and contributions	-	0.0%	-	0.0%
Capital grants and contributions	4,581	95.2%	1,540	89.1%
General revenues:				
Property taxes	230	4.8%	186	10.8%
Unrestricted interest	1	0.0%	1	0.1%
Miscellaneous	2	0.0%	2	0.1%
Total revenues	4,814	100.0%	1,729	35.9%
Expenses:				
Public safety				
Public Works	271	100.0%	261	100.0%
Total expenses	271	100.0%	261	100.0%
Increase in Net Position	4,543		1,468	
Beginning of Year	6,243		4,775	
End of Year	<u>\$ 10,786</u>		<u>\$ 6,243</u>	

- Capital grants totaled \$4,581, representing \$91 in State Capital Outlay revenues accrued on the Breakwater Protection Project (No. 36-L25-06B-01) and \$4,490 in CPRA CEA revenues (No. BA-168) for the Fifi Island Breakwater and Restoration project. Costs incurred on these projects included planning, engineering, and construction costs.
- Property taxes came in at \$230, an increase of \$44 or 23.7 percent. This increase has to do with an increase in the taxable levy primarily due to the addition of a new subdivision to the tax rolls. The District's millage rates were 4.66 for the current year, the same as last year. The graph shows the property tax revenues for the last 5 years.
- Interest income came in at \$1 during the year. This amount remains low due to low interest rates.



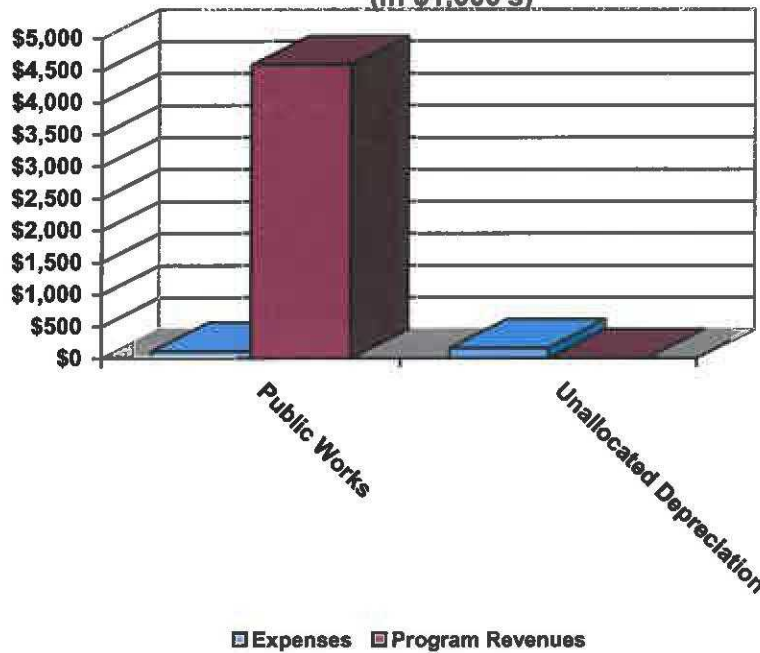
A breakdown of the revenues received by the District's governmental activities is as follows:

Revenues by Source - Governmental Activities



Expenses totaled \$271, including current year depreciation of \$161. The only function the District provides is the public works function. A graph comparing the expenses with the program revenue generated is presented below.

**Grand Isle Independent Levee District
Expenses and Program Revenues by Function/Bureau
(in \$1,000's)**



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

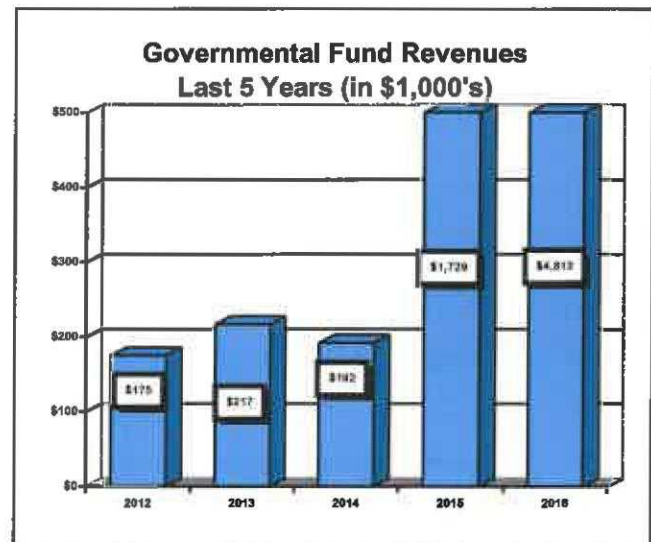
As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's "governmental funds" is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2016, the District's governmental fund (i.e., the General Fund) reported ending fund balance of \$536, an increase of \$125 or 30.5 percent in comparison with the prior year. Approximately \$536 or 100.0 percent of this total constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

As noted above, the governmental funds include the general operating funds of the District (i.e., the General Fund). Overall, as the graph shows, revenues of the Governmental Funds increased from the past year. This was primarily due to an increase in property tax assessments and in capital grants from State Capital Outlay funds for breakwater projects and the CPRA Cooperative Endeavor Agreement for Fifi Island Restoration.

As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 11.4 percent of total general fund expenditures, with the capital grant expenditures included. This is a decrease from the prior year percentage of 25.0.



The fund balance of the District's General fund increased by \$125 during the current fiscal year. Key factors in this change are as follows:

- The General Fund's revenues totaled \$4,813, while expenditures totaled \$4,688.
- Revenues increased by \$3,084 from the prior year, mainly because of:
 - Property taxes increasing \$43 due to increases in the amounts assessed.
 - Intergovernmental revenues were up \$3,041 due to a decrease of \$(28) in State Capital Outlay funds related to the Breakwater Protection Project and an increase of \$1,421 in revenues related to a CEA with the Coastal Protection and Restoration Authority (CPRA) for Fifi Island Breakwaters and Restoration.
 - Interest was the same as last year as interest rates remained low.

- Expenditures increased \$3,044 from last year due to the following:
- Salaries were primarily the same as last year,
 - Employee benefits were also just about the same as last year,
 - Travel was down \$(5) as the number and costs of trips to Baton Rouge and Washington DC were less in the current year than last year,
 - Office costs were up \$1, primarily in advertising (down \$(1)) and dues and subscriptions (up \$2),
 - Professional services increased by \$24, primarily in engineering fees,
 - Operating and maintenance costs were down \$(11), primarily in repairs and maintenance costs (down \$6 as the tractor was repaired in the prior year) and repairs to levees (down \$7 as costs to remove trees that washed up on the breakwaters were incurred in the prior year),
 - Capital outlay was up \$3,035, due to mainly to the costs associated with the Breakwater project (\$91) and the Fifi Island Restoration project (\$4,487).

GENERAL FUND BUDGETARY HIGHLIGHTS

The District made one amendment to its original budget during the fiscal year ended June 30, 2016.

Revenues were increased by \$1,092 to reflect 1) higher than anticipated ad valorem taxes (up \$38), 2) an increase of \$1,052 in state revenues to account for revenues related to the Breakwater project and the Fifi Island Restoration project, and 3) an increase in miscellaneous income (up \$2). Expenditures were increased by \$1,108 to reflect a) a decrease in salaries (down \$3), b) a drop in employee related benefits (taxes were down \$1), c) a decrease in travel (down \$9), d) a decrease in office costs due to a decrease in advertising and subscriptions and telephone costs (down \$5), e) a drop in Professional Services to reflect a drop in engineering fees (down \$95), f) a drop in Operating and Maintenance Costs of \$(36) to reflect a drop in gas & oil, insurance and levee repairs, and g) an increase in capital outlay of \$1,257 to reflect the costs associated with the Breakwater Project and the Fifi Island Restoration project.

The General Fund's actual revenues and expenditures varied from the final budget as follows.

- Revenues of the General Fund were budgeted at \$5,483 and came in at \$4,813, a variance of \$670. The variance had to do with the state revenues related to the Breakwater and Fifi Island Restoration projects, which are hard to predict.

- Expenditures of the General Fund were budgeted at \$5,453 and came in at \$4,688, a positive variance of \$765. Employee-related benefits came in \$1 under budget, professional services were \$162 under budget, operating and maintenance costs were \$1 under budget, and capital outlay costs were \$600 under budget (due to the accrual of some engineering fees on the Fifi Island Restoration Project in the prior year which were budgeted for in the current year).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District’s investment in capital assets for its governmental activities as of June 30, 2016 amounts to \$9,966 (net of accumulated depreciation and debt). This investment in capital assets includes land, buildings, furniture and fixtures, heavy equipment, vehicles, and infrastructure – levees and breakwaters. The District’s net investment in capital assets increased by \$5,179 or 108.2 percent this year. Major capital asset events during the current fiscal year included the following:

- \$4,578 was added to construction in progress (\$91 was spent on the Breakwater project and \$4,487 was spent on the Fifi Island Restoration project).
- \$5,379 was transferred from construction in progress to infrastructure as construction on Phase 1 of the Fifi Island Restoration project was completed.
- \$161 was recognized as depreciation expense.

Additional information on the District’s capital assets can be found in Note D.3 on page 28.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
(NET OF DEPRECIATION)**

	Governmental Activities 2016	Governmental Activities 2015
Land	\$ -	\$ -
Buildings	-	-
Furniture and fixtures	1	1
Heavy equipment	-	2
Vehicles	3	4
Infrastructure	9,504	4,283
Construction in progress	741	1,542
Total	10,249	5,832
Less capital-related debt/liabilities	(283)	(1,045)
	\$ 9,966	\$ 4,787

Long-term Debt. Keeping with the District’s longstanding policy of funding operations currently, at year-end, the District had no long-term debt at year-end. State statutes limit the amount of general obligation debt a governmental unit may issue to 10 percent of its total assessed valuation. The District has no outstanding debt subject to this limitation.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the Parish of Jefferson is currently 6.1 percent, which is 0.2 lower than it was a year ago. In the coastal community of Grand Isle, which is heavily dependent on offshore oil and commercial fisheries (primarily shrimping), the rate tends to be higher.
- Inflationary trends in the region compare favorably to national indices.
- The ad valorem millage rate levied for the 2016 (next year's) tax roll was 4.66 mills, the same as in the current year.

All of these factors were considered in preparing the District's budget for the 2016-2017 fiscal year.

OTHER POTENTIALLY SIGNIFICANT MATTERS

- On April 20, 2010, the **BP Deepwater Horizon** oil rig exploded and sank off the southeastern coast of Louisiana. Over the next 90 days, oil flowed freely into the Gulf of Mexico and began washing ashore in several areas, including the Grand Isle and Barataria Bay areas. While the oil spill caused no damage to any of the District's infrastructure assets, the long-term effects of the spill are not yet known. If the fisheries off the coast of Grand Isle are damaged or if the federal moratorium on offshore drilling goes longer than expected, there may be a negative economic effect on a local economy that is heavily reliant on seafood and offshore oil work. The Isle's tourism industry also was badly affected and has recovered slowly. The District is a party to an agreement with the Parish of Jefferson, who has filed suit against BP for economic losses. During 2015 and 2016, settlements were offered to various agencies throughout the area. The District refused the original offer. Subsequent to year end, the District accepted a revised settlement offer from BP. The amount has not yet been made public due to need to finalize some language in the settlement. This money should be recognized by the District in 2017.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the David Camardelle, President, PO Box 757, and Grand Isle, Louisiana 70358.

BASIC FINANCIAL STATEMENTS

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA**

**STATEMENT OF NET POSITION
JUNE 30, 2016**

	<u>GOVERNMENTAL ACTIVITIES</u>	
ASSETS		
Cash and cash equivalents	\$	312,679
Investments		-
Receivables (net of allowance for uncollectibles)		507,051
Capital assets (net of accumulated depreciation)		
Land		-
Buildings		-
Furniture and fixtures		587
Heavy equipment		-
Vehicles		2,857
Infrastructure		9,504,507
Construction in progress		741,050
TOTAL ASSETS		<u>11,068,731</u>
LIABILITIES		
Accounts payable and other current liabilities		283,235
Accrued payroll and deductions		-
Unearned revenues		-
Noncurrent liabilities:		
Due within one year		-
Due in more than one year		-
TOTAL LIABILITIES		<u>283,235</u>
NET POSITION		
Net investment in capital assets		9,965,766
Unrestricted		819,730
TOTAL NET POSITION	<u>\$</u>	<u>10,785,496</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

FUNCTION	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
Primary Government					
Governmental Activities:					
Public Works	\$ 109,839	\$ -	\$ -	\$ 4,580,713	\$ 4,470,874
Unallocated depreciation expens	160,871	-	-	-	(160,871)
Interest on long-term debt	-	-	-	-	-
Total governmental activities	<u>\$ 270,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,580,713</u>	<u>4,310,003</u>
GENERAL REVENUES:					
					229,518
					1,302
					-
					1,929
TRANSFERS IN (OUT)					
					-
TOTAL GENERAL REVENUE AND TRANSFERS					<u>232,749</u>
CHANGE IN NET POSITION					4,542,752
NET POSITION					
					6,242,744
					\$ <u>10,785,496</u>

The accompanying notes are an integral part of this statement.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA**

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016**

	<u>GENERAL</u>
ASSETS	
Cash and cash equivalents	\$ 312,679
Investments	-
Receivables (net of allowance for uncollectibles)	507,051
TOTAL ASSETS	<u>\$ 819,730</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	\$ 283,235
Accrued payroll and deductions	-
Unearned revenues	-
TOTAL LIABILITIES	<u>283,235</u>
Fund Balances	
Nonspendable	-
Restricted	-
Committed	-
Assigned	-
Unassigned	536,495
TOTAL FUND BALANCES	<u>536,495</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 819,730</u>

The accompanying notes are an integral part of this statement.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

Amounts reported for governmental activities in the Statement of Net Position (page 14) are different because:

Total Fund Balances at June 30, 2016 - Governmental Funds (page 16)	\$	536,495
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$12,549,299 and the accumulated depreciation is \$2,300,298.		10,249,001
Total Net Position of Governmental Activities at June 30, 2016 (page 14)	\$	<u>10,785,496</u>

The accompanying notes are an integral part of this statement.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA**

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>GENERAL</u>
REVENUES	
Taxes	
Property taxes	\$ 229,518
Intergovernmental	
Federal	-
State	4,580,713
Parish/Local	-
Interest	1,302
Miscellaneous	1,929
TOTAL REVENUES	<u><u>4,813,462</u></u>
EXPENDITURES	
Current	
Public Works	
Personnel	24,381
Employee related benefits	4,597
Travel	5,998
Office	6,517
Professional services	47,116
Operating and maintenance	21,230
Capital outlay	
Property, plant and equipment	-
Levee construction projects	4,578,110
TOTAL EXPENDITURES	<u><u>4,687,949</u></u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>125,513</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	-
Transfers out	-
TOTAL OTHER FINANCING SOURCES (USES)	<u><u>-</u></u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	125,513
FUND BALANCE	
Beginning of year	410,982
End of year	<u><u>\$ 536,495</u></u>

The accompanying notes are an integral part of this statement.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Amounts reported for governmental activities in the Statement of Activities (page 15) are different because:

Net change in fund balances - total governmental funds (page 18) \$ 125,513

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 4,417,239

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. -

Change in net position of governmental activities (page 15) \$ 4,542,752

The accompanying notes are an integral part of this statement.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA**

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Property taxes	\$ 190,000	\$ 227,541	\$ 229,518	\$ 1,977
Intergovernmental				
Federal	-	-	-	-
State	4,200,000	5,251,635	4,580,713	(670,922)
Parish/Local	-	-	-	-
Interest	1,000	1,302	1,302	-
Miscellaneous	100	2,381	1,929	(452)
TOTAL REVENUES	4,391,100	5,482,859	4,813,462	(669,397)
EXPENDITURES				
Current				
Public Works				
Personnel	27,400	24,381	24,381	-
Employee Related Benefits	7,500	6,039	4,597	1,442
Travel	15,000	5,998	5,998	-
Office	11,150	6,518	6,517	1
Professional Services	303,800	209,221	47,116	162,105
Operating and Maintenance	58,750	22,350	21,230	1,120
Capital outlay				
Property, plant and equipment	11,000	-	-	-
Levee construction projects	3,910,000	5,178,018	4,578,110	599,908
TOTAL EXPENDITURES	4,344,600	5,452,525	4,687,949	764,576
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	46,500	30,334	125,513	95,179
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	46,500	30,334	125,513	95,179
FUND BALANCE				
Beginning of year	410,982	410,982	410,982	-
End of year	\$ 457,482	\$ 441,316	\$ 536,495	\$ 95,179

The accompanying notes are an integral part of this statement.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Grand Isle Independent Levee District (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 accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

1. Reporting Entity

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and its component units. Component units are defined as legally separate organizations for which the elected officials of a primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District was created by Louisiana Revised Statute (LSA-RS 38:291(S)). It includes all land in the Parish of Jefferson lying south of Latitude 29 17' 52" N on the west side of the Mississippi River. The governing board of commissioners administers the operations and responsibilities in accordance with the provisions of Louisiana statutes. The members of the Board are appointed by the Governor of the State of Louisiana from a list of nominations submitted by the members of the Legislature serving that portion of Jefferson Parish located within the District.

Based on the criteria described above, it has been determined that the Grand Isle Independent Levee District is a component unit of the State of Louisiana for financial reporting purposes. The accompanying statements present only transactions of the District.

Annually, the State of Louisiana (the primary government) issues general purpose financial statements which include the activity contained in the accompanying financial statements. The State's general purpose financial statements are issued by the Louisiana Division of Administration - Office of Statewide Reporting and Accounting Policy and are audited by the Louisiana Legislative Auditor.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Because of the nature of the District's operations, the District reports only governmental activities.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Funds are used by the District to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The funds of the District are classified into the "governmental" category. The category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all financial activities of the general government not accounted for in some other fund.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports the following major governmental funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using a *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e., when they become both 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. The District considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Property taxes, intergovernmental revenues, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, only when payment is due.

4. Assets, Liabilities, and Net Assets or Equity

A. *Cash and Investments*

For reporting purposes, cash and cash equivalents includes amounts in demand deposits, time deposits, and certificates of deposit. Louisiana Revised Statutes allow the District to invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. In accordance with GASB Statement No. 31, investments, if any, are generally stated at fair value. If the investment is in money market securities and has a maturity date of less than 90 days from the balance sheet date, the investment is stated at cost or amortized cost.

B. Inventories

The cost of materials and supplies acquired by the District are recorded as expenditures at the time of purchase. It is management's opinion that the inventory of such materials and supplies at June 30, 2016 would not be material to the financial statements.

C. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., levees, rock breakwaters, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$100 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed and are included in construction in progress. The levees and breakwaters are divided into reaches and are capitalized as such. Any major "lifts" or improvements to an existing levee/reach is capitalized as an addition to that levee/reach.

Property, plant, equipment, and infrastructure is depreciated using the straight-line method (with a mid-year convention) over the following estimated useful lives:

Asset Category	Useful Life in Years
Buildings	40
Furniture and Fixtures	3
Heavy Equipment	7
Vehicles	5-7
Infrastructure	40

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. *Fund Equity*

In accordance with the requirements of Government Accounting Standards Board (GASB) Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, in the fund financial statements, fund balances of the governmental fund types are categorized into one of five categories - Non-spendable, Restricted, Committed, Assigned, or Unassigned.

For *committed fund balances*, the District Board is considered to be the highest level of decision-making authority and resolutions passed by it is needed to establish, modify, or rescind a fund balance commitment. For *assigned fund balances*, the District President may assign amounts to a specific purpose.

While the District has not established a policy for its use of unrestricted fund balances, it does consider that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$4,417,239 difference are as follows:

Capital outlay	\$	4,578,110
Depreciation expense		(160,871)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>		4,417,239

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016

NOTE C - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budget

Formal budgetary accounting is employed as a management control device during the year for the General Fund. The Board of Commissioners of the District submits an annual budget to the Department of Transportation and Development - Office of Public Works (DOTD) and the Legislative Auditor for the succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

The DOTD reviews the budget and makes recommendations pertaining thereto to the Board of Commissioners of the District and the Legislative Auditor. Not less than ninety days before the end of the fiscal year, the Board of Commissioners adopts the annual budget after considering the recommendations of the DOTD. Amendments to the budget are made by the Board from time to time as is necessary.

The General Fund's budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Encumbrances are not recorded for budgetary purposes. Expenditures may not exceed appropriations at the object level within the fund. All annual appropriations which are not expended lapse at year end.

The budgeted amounts represent the original budget and any amendments through June 30, 2016. The budgeted amounts are included, respectively, as the original and final budgets in the accompanying statements.

2. Expenditures in Excess of Appropriations

For the year ended June 30, 2016, none of the District's expenditures exceeded its budget category within the General Fund. The Levee Construction Projects capital outlay line-item was \$599,908 under budget due to the District being unable to estimate the work done by the contractor before year-end.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016**

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

1. Deposits with Financial Institutions and Investments

Deposits with Financial Institutions

At June 30, 2016, deposits with financial institutions consisted of the following:

	Cash	Certificates of Deposit	Other	Total
Book Value of Deposits in Banks	\$ 300,839	\$ 110,000	\$ -	\$ 410,839
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
A. Uninsured and uncollateralized	\$ -	\$ -	\$ -	\$ -
B. Uninsured and collateralized with securities held by pledging institution	-	-	-	-
C. Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.	-	-	-	-
Total Bank Balances Exposed to Custodial Credit Risk	\$ -	\$ -	\$ -	\$ -
Total Bank Balances - All Deposits	\$ 202,679	\$ 110,000	\$ -	\$ 312,679

2. Receivables

The District had \$1,178,343 in receivables at year end, made up of the following:

	<u>General Fund</u>
Receivables:	
Intergovernmental	
JPSO - Taxes	\$ 562
FEMA - Public Disaster Claims	-
State Capital Outlay - Fifi Breakwater #36-L25-06B-01	223,254
State Coastal Protection and Restoration Authority (CPRA) - Fifi Island CEA BA-168	283,235
Total Intergovernmental	<u>\$ 507,051</u>

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016**

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

See Note F.2 for a discussion of the FEMA programs which gave rise to these receivables.

The District received State Capital Outlay funding under Project No. 36-L25-06B-01 for the planning and engineering phase of the Breakwater Protection Project. The District is approved for up to \$1,097,000 in capital outlay funding for planning, construction, and miscellaneous costs. As of June 30, 2016, the District has expended \$223,254 on this project. Reimbursement has been requested but no funding has yet been approved; therefore this amount is shown as a receivable at year end.

The District is also receiving funds from the State Coastal Protection and Restoration Authority (CPRA) via a cooperative agreement (No. BA-168) for work on the Fifi Island Breakwater and Restoration Project. The CEA is approved for up to \$6,000,000 for engineering and construction costs related to this project. To date, the District has spent \$5,910,335 on this project. To date, the District has received \$5,627,100, with the balance of \$283,235 shown as a receivable at year end.

3. Capital Assets

Current year additions to construction in progress totaled \$4,578,110, which is made up of costs associated with the State Capital Outlay Breakwater Project (\$91,091) and the CPRA Fifi Island Restoration Project (\$4,487,019). These projects are being funded with state capital outlay money (Project # 36-L25-06B-01) and funds from a CEA with the Coastal Protection and Restoration Authority (CPRA) (CEA No. BA-168).

By year end, construction on Phase 1 of the CPRA project was completed, thus, \$5,379,145 was transferred to infrastructure and will be depreciated. The balance of \$741,050 is made up of \$209,859 of costs associated with the State Capital Outlay project and \$531,191 of engineering costs associated with the CPRA project as additional phases are now being planned for.

The following is a summary of changes in the general fixed assets account group during the fiscal year:

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016**

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

The following is a summary of changes in capital assets during the fiscal year:

	Balance July 1, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	1,542,085	4,578,110	-	(5,379,145)	741,050
Total capital assets, not being depreciated	\$ 1,542,085	\$ 4,578,110	\$ -	\$ (5,379,145)	\$ 741,050
Capital assets, being depreciated					
Buildings	\$ 2,185	\$ -	\$ -	\$ -	\$ 2,185
Furniture and fixtures	5,657	-	-	-	5,657
Heavy equipment	89,098	-	-	-	89,098
Vehicles	5,000	-	-	-	5,000
Infrastructure	6,327,164	-	-	5,379,145	11,706,309
Total capital assets, being depreciated	6,429,104	-	-	5,379,145	11,808,249
Less accumulated depreciation:					
Buildings	(2,185)	-	-	-	(2,185)
Furniture and fixtures	(4,777)	(293)	-	-	(5,070)
Heavy equipment	(87,416)	(1,682)	-	-	(89,098)
Vehicles	(1,429)	(714)	-	-	(2,143)
Infrastructure	(2,043,620)	(158,182)	-	-	(2,201,802)
Total accumulated depreciation	(2,139,427)	(160,871)	-	-	(2,300,298)
Capital assets being depreciated, net of accumulated depreciation	\$ 4,289,677	\$ (160,871)	\$ -	\$ 5,379,145	\$ 9,507,951
Total governmental activities, capital assets, net	\$ 5,831,762	\$ 4,417,239	\$ -	\$ -	\$ 10,249,001

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

4. Ad Valorem Tax

Article 6, § 39 of the 1974 Louisiana Constitution provides that for the purposes of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and for all other purposes incidental thereto, the District may levy annually, a tax not to exceed five mills. If the District needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by a majority vote of the electors.

The District levies an ad valorem (property) tax on real property within the District to finance operations. The levy is generally made as of November 15 of each year. The tax is then due, and becomes an enforceable lien on the property, on the first day of the month following the filing of the tax roll by the Parish assessor with the Louisiana Tax Commission (usually December 1). The tax is delinquent 30 days after its due date.

Ad valorem taxes are levied based on property values determined by the Jefferson Parish Assessor's Office (a separate entity). All land and residential improvements are assessed at 10 percent of its fair market value, and other property at 15 percent of its fair market value. Taxes are billed and collected by the Jefferson Parish Sheriff's Office (a separate entity) which receives a certain millage for its services. The taxes remitted by the Sheriff to the District are net of assessor's commission and pension fund contributions.

The number of mills levied for operations on the 2015 and 2014 tax rolls were 4.66 and 4.66, respectively. For 2016, the District recognized \$229,518 in ad valorem tax revenues.

5. Restrictions of Net Position and Fund Balance Components

In accordance with Government Accounting Standards Board (GASB) Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, in the fund financial statements, fund balances of the governmental fund types are categorized into one of five categories - Non-spendable, Restricted, Committed, Assigned, or Unassigned, as noted below.

Fund Balance - Unassigned

This amount represents funds that have not been assigned to other funds and have not been restricted, committed, or assigned to a specific purpose within the General Fund. This is the residual classification for the General Fund.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016

NOTE E - COMMITMENTS AND CONTINGENCIES

1. Risk Management

The District is exposed to various risks of loss resulting from personal injury; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To protect against these risks of loss, the District purchases various types of insurance from commercial carriers. Under these policies, general liability coverage is provided for up to a maximum of \$1,000,000 per occurrence (\$2,000,000 in the aggregate) and worker's compensation is provided at the statutory limits of \$100,000/500,000/100,000. In each policy, the District is responsible for the applicable deductible.

2. Litigation

There is no litigation pending against the District at June 30, 2016. The District is a party to a lawsuit against BP for the 2010 oil spill. Subsequent to year end, the District agreed to a settlement with BP. The dollar amount has not yet been made public pending final negotiations.

NOTE F - OTHER INFORMATION

1. Retirement

Employees of the District are members of the Social Security System. In addition to the employee contribution withheld at 7.65 per cent, the District contributes an equal amount to the Social Security System. Aggregate pension costs/taxes for the year is \$1,406. The District does not guarantee the benefits granted by the Social Security System.

2. Hurricanes Katrina and Rita

On August 29, 2005, Hurricane Katrina struck the New Orleans Metropolitan area, which includes Jefferson Parish and the Town of Grand Isle (i.e., the area serviced by the District). While the Town was spared from a direct hit, the Isle was overrun by the storm surge from the Hurricane. Approximately 30 percent of the businesses and residences on the back side of the Isle (including the Caminada area) were destroyed or badly damaged. Most of the District's major assets (i.e., rock jetties) survived the Hurricane, however, the District's boat was lost/destroyed. On September 24, 2005, Hurricane Rita hit the western side of the State of Louisiana, however, the tidal surge brought in by the storm again affected the Town of Grand Isle and the southern part of Jefferson Parish.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2016

NOTE F - OTHER INFORMATION (CONTINUED)

The loss of the boat was covered by insurance. A Project Worksheet has been filed with the Federal Emergency Management Agency (FEMA) to repair several breakwaters and abatements. Federal obligations total \$299,372; however, no work has yet been done on these projects.

3. Hurricanes Gustav and Ike

On August 29, 2008, Hurricane Gustav threatened the area and caused the evacuation of Metropolitan New Orleans area, which includes the area governed by the District. The Grand Isle area saw severe flooding and some wind damage. Some emergency work was performed in preparation for the storm and some damage was done to the back levees. To date, Federal obligations total \$222,519. As of June 30, 2016, \$220,628 of eligible work on the back levees has been performed. At a reimbursement rate of 90 percent, the District is due \$198,565 on this work. Through June 30, 2016, the District has received \$198,565, while the District is responsible for the 10 percent local match. All claims are now closed and the District is waiting on GOHSEP to close the disaster.

On September 12, 2008, Hurricane Ike passed just off the coastline of the State of Louisiana and hit Texas. While the area governed by the District was spared a direct hit, the storm surge from the hurricane did cause some inland tidal flooding, especially in the Grand Isle area. Again, some damage was incurred and some emergency work was performed in preparation for the storm. To date, Federal obligations total \$21,791. As of June 30, 2016, \$21,791 of work on the back levees has been performed and \$21,791 has been received. This project was funded 100 percent by FEMA. All claims are now closed and the District is waiting on GOHSEP to close the disaster.

4. Hurricane Isaac

On September 1, 2012, Hurricane Isaac struck the New Orleans Metropolitan area, which includes Jefferson Parish and the Town of Grand Isle (i.e., the area serviced by the District). While the Town incurred a direct hit, most of the District's major assets (i.e., rock jetties and back levees) survived the Hurricane. However, the District did have to make some emergency repairs to one of the back levees due to erosion. To date, Federal obligations total \$37,909. As of June 30, 2016, \$37,909 of eligible work on the back levees has been performed. At a reimbursement rate of 75 percent, the District is due \$28,432 on this work. During 2016, the District received the \$28,432 due to it. The District is responsible for the 25 percent local match. All claims are now closed and the District is waiting on GOHSEP to close the disaster.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA

GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Property taxes	\$ 190,000	\$ 227,541	\$ 229,518	\$ 1,977
Intergovernmental				
Federal				
FEMA	-	-	-	-
State				
State Capital Outlay (#36-L25-06B-01)	-	91,000	91,091	91
CPRA Fifi Island CEA (BA-168)	4,200,000	5,160,635	4,489,622	(671,013)
	4,200,000	5,251,635	4,580,713	(670,922)
Parish/Local				
Jefferson Parish Grants	-	-	-	-
	-	-	-	-
Service charges, fees, and commissions	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	1,000	1,302	1,302	-
Miscellaneous	100	2,381	1,929	(452)
TOTAL REVENUES	\$ 4,391,100	\$ 5,482,859	\$ 4,813,462	\$ (669,397)

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA

GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES				
Current				
Public Works				
Personnel				
Salaries	\$ 22,000	\$ 18,831	\$ 18,831	\$ -
Commissioner's per diems	5,400	5,550	5,550	-
Total	<u>27,400</u>	<u>24,381</u>	<u>24,381</u>	<u>-</u>
Employee Related Benefits				
Payroll taxes - federal	7,500	6,039	1,406	4,633
Insurance - workman's compensation	-	-	3,191	(3,191)
Total	<u>7,500</u>	<u>6,039</u>	<u>4,597</u>	<u>1,442</u>
Travel				
Travel	15,000	5,998	5,998	-
Total	<u>15,000</u>	<u>5,998</u>	<u>5,998</u>	<u>-</u>
Office				
Advertising	2,000	30	29	1
Bank charges	150	140	140	-
Dues and subscriptions	5,000	4,885	4,885	-
Office supplies	1,000	503	503	-
Telephone	3,000	960	960	-
Total	<u>11,150</u>	<u>6,518</u>	<u>6,517</u>	<u>1</u>
Professional Services				
Audit	3,800	3,800	3,800	-
Engineering and other	300,000	205,421	43,316	162,105
Total	<u>303,800</u>	<u>209,221</u>	<u>47,116</u>	<u>162,105</u>
Operating and Maintenance				
Gas and oil	5,000	1,371	1,504	(133)
Grass cutting	1,000	270	270	-
Insurance - general, auto, marine	20,000	18,622	17,329	1,293
Miscellaneous	250	-	-	-
Repairs and maint - bldgs and equip	2,500	1,517	1,557	(40)
Repairs and maint - levees	30,000	570	570	-
Small tools and equipment	-	-	-	-
Total	<u>58,750</u>	<u>22,350</u>	<u>21,230</u>	<u>1,120</u>
Capital outlay				
Property, plant and equipment	11,000	-	-	-
Levee and other construction projects				
Breakwater construction	-	91,000	91,091	(91)
Fifi Island breakwaters and restoration	3,910,000	5,087,018	4,487,019	599,999
Cheniere Breakwater repairs	-	-	-	-
Total	<u>3,921,000</u>	<u>5,178,018</u>	<u>4,578,110</u>	<u>599,908</u>
TOTAL EXPENDITURES	<u>\$ 4,344,600</u>	<u>\$ 5,452,525</u>	<u>\$ 4,687,949</u>	<u>\$ 764,576</u>

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SUPPLEMENTAL INFORMATION

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2016**

Board Member	Number of Meetings	Per Diem Paid
Kelly Besson	38	\$ 2,850
Arthur Bellanger	36	2,700
Total		<u>\$ 5,550</u>

The Schedule of Per Diem Paid to Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personnel expenditures of the General Fund. Board members are paid \$75 per meeting for up to 36 meetings each year. In lieu of per diem, the Board President, David Camardelle, was paid a salary of \$12,000 (\$1,000 per month effective October 1, 1994). See the additional schedule for compensation paid to the Board President.

GRAND ISLE INDEPENDENT LEVEE DISTRICT

SCHEDULE OF COMPENSATION AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED JUNE 30, 2016

Agency Head Name/Title:

David Camardelle, President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 12,000 (1)
Benefits - Insurance (Group Health)	-
Benefits - Retirement	-
Benefits - Other	-
Payroll Taxes	920
Car Allowance	-
Vehicle Provided by Agency	No
Per Diem	-
Reimbursements	-
Travel (meals)	441
Telephone (cellphone)	960 (2)
Dues and Registration Fees	2,190 (3)
Conference Travel	4,023 (4)
Continuing Professional Education Fees	-
Housing	-
Unvouchered Expenses	-
Special Meals	-

Notes to Schedule:

- (1) The President receives a salary of \$1,000 per month in lieu of a per diem.
- (2) A cellphone is provided to the President and the District pays the monthly bill. The amount shown is net of a \$150 reimbursement from the President for personal use of the phone (12 months x \$12.50/month).
- (3) Registration fees for various levee association conferences and workshops.
- (4) Travel includes airfares, bag fees, hotel costs, and parking fees for attending various levee conferences in Louisiana and travel to Washington DC.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 2016**

<u>Description of Funding</u>	<u>Amount</u>
State Capital Outlay - Fifi Breakwater Protection Project #36-L25-06B-01	\$ 91,091
State Coastal Protection and Restoration Authority (CPRA) - Fifi Island Restoration CEA BA-168	4,489,622
	<u>\$ 4,580,713</u>

**ANNUAL FISCAL REPORT (AFR)
FOR 2016**

AGENCY: 20-14-22 - Grand Isle Independent Levee District

PREPARED BY: Paul Rivera

PHONE NUMBER: 504-371-4390

EMAIL ADDRESS: riverapcpa@cox.net

SUBMITTAL DATE: 08/30/2016 09:12 AM

STATEMENT OF NET POSITION

ASSETS

CURRENT ASSETS:

CASH AND CASH EQUIVALENTS	312,679.00
RESTRICTED CASH AND CASH EQUIVALENTS	0.00
INVESTMENTS	0.00
RESTRICTED INVESTMENTS	0.00
DERIVATIVE INSTRUMENTS	0.00
RECEIVABLES (NET)	562.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00
AMOUNTS DUE FROM PRIMARY GOVERNMENT	506,489.00
DUE FROM FEDERAL GOVERNMENT	0.00
INVENTORIES	0.00
PREPAYMENTS	0.00
NOTES RECEIVABLE	0.00
OTHER CURRENT ASSETS	0.00
TOTAL CURRENT ASSETS	\$819,730.00

NONCURRENT ASSETS:

RESTRICTED ASSETS:

CASH	0.00
INVESTMENTS	0.00
RECEIVABLES (NET)	0.00
NOTES RECEIVABLE	0.00
OTHER	0.00
INVESTMENTS	0.00
RECEIVABLES (NET)	0.00
NOTES RECEIVABLE	0.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00
CAPITAL ASSETS (NET OF DEPRECIATION & AMORTIZATION)	
LAND	0.00
BUILDINGS AND IMPROVEMENTS	0.00
MACHINERY AND EQUIPMENT	3,444.00
INFRASTRUCTURE	9,504,507.00
INTANGIBLE ASSETS	0.00
CONSTRUCTION IN PROGRESS	741,050.00
OTHER NONCURRENT ASSETS	0.00
TOTAL NONCURRENT ASSETS	\$10,249,001.00
TOTAL ASSETS	\$11,068,731.00

DEFERRED OUTFLOWS OF RESOURCES

ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVES	0.00
DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS	0.00
GRANTS PAID PRIOR TO MEETING TIME REQUIREMENTS	0.00
INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEREE)	0.00
LOSSES FROM SALE-LEASEBACK TRANSACTIONS	0.00
DIRECT LOAN ORIGINATION COSTS FOR MORTGAGE LOANS HELD FOR SALE	0.00
FEES PAID TO PERMANENT INVESTORS PRIOR TO SALE OF MORTGAGE LOANS	0.00
PENSION-RELATED DEFERRED OUTFLOWS OF RESOURCES	0.00

TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$0.00
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$11,068,731.00
LIABILITIES	
CURRENT LIABILITIES:	
ACCOUNTS PAYABLE AND ACCRUALS	283,235.00
DERIVATIVE INSTRUMENTS	0.00
AMOUNTS DUE TO PRIMARY GOVERNMENT	0.00
DUE TO FEDERAL GOVERNMENT	0.00
AMOUNTS HELD IN CUSTODY FOR OTHERS	0.00
UNEARNED REVENUES	0.00
OTHER CURRENT LIABILITIES	0.00
CURRENT PORTION OF LONG-TERM LIABILITIES:	
CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	0.00
CAPITAL LEASE OBLIGATIONS	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	0.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
TOTAL CURRENT LIABILITIES	\$283,235.00
NONCURRENT PORTION OF LONG-TERM LIABILITIES:	
CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	0.00
CAPITAL LEASE OBLIGATIONS	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	0.00
NET OPEB OBLIGATION	0.00
NET PENSION LIABILITY	0.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
UNEARNED REVENUE	0.00
TOTAL LONG-TERM LIABILITIES	\$0.00
TOTAL LIABILITIES	\$283,235.00
DEFERRED INFLOWS OF RESOURCES	
ACCUMULATED INCREASE IN FAIR VALUE OF HEDGING DERIVATIVES	0.00
DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS	0.00
GRANTS RECEIVED PRIOR TO MEETING TIME REQUIREMENTS	0.00
SALES/INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEROR)	0.00
GAINS FROM SALE-LEASEBACK TRANSACTIONS	0.00
POINTS RECEIVED ON LOAN ORIGINATION	0.00
LOAN ORIGINATION FEES RECEIVED FOR MORTGAGE LOANS HELD FOR SALE	0.00
PENSION-RELATED DEFERRED INFLOWS OF RESOURCES	0.00
TOTAL DEFERRED INFLOWS OF RESOURCES	\$0.00
NET POSITION:	
NET INVESTMENT IN CAPITAL ASSETS	9,965,766.00
RESTRICTED FOR:	
CAPITAL PROJECTS	0.00
DEBT SERVICE	0.00
NONEXPENDABLE	0.00
EXPENDABLE	0.00
OTHER PURPOSES	0.00
UNRESTRICTED	\$819,730.00
TOTAL NET POSITION	\$10,785,496.00

STATEMENT OF ACTIVITIES

		<u>PROGRAM REVENUES</u>		
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE
270,710.00	0.00	0.00	0.00	\$(270,710.00)
GENERAL REVENUES				
PAYMENTS FROM PRIMARY GOVERNMENT				4,580,713.00
OTHER				232,749.00
ADDITIONS TO PERMANENT ENDOWMENTS				0.00
CHANGE IN NET POSITION				\$4,542,752.00
NET POSITION - BEGINNING				\$6,242,744.00
NET POSITION - RESTATEMENT				0.00
NET POSITION - ENDING				\$10,785,496.00

DUES NOTES

Account Type Amounts due from Primary Government	Intercompany (Fund)	Amount
	GF - General Fund	223,254.00
	GF - General Fund	283,235.00
	Total	\$506,489.00

Account Type Amounts due to Primary Government	Intercompany (Fund)	Amount
	Total	\$0.00

FUND BALANCE/NET POSITION RESTATEMENT

Account Name/Description

Restatement
Amount

Total

\$0.00

SUBMISSION

Before submitting, ensure that all data (statements, notes, schedules) have been entered for the agency.

Once submitted no changes can be made to any of the agency data for the specified year.

By clicking 'Submit' below you certify that the financial statements herewith given present fairly the financial position and the results of operations for the year ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Reminder: You must send Louisiana Legislative Auditors an electronic copy of the AFR report in a pdf, tiff, or some other electronic format to the following e-mail address: LLAFileRoom@lla.la.gov.

COMPLIANCE SECTION

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**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Grand Isle Independent Levee District
Grand Isle, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Grand Isle Independent Levee District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements and have issued my report thereon dated August 28, 2016.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that I consider to be significant deficiencies in internal control (See SD16-01, SD 16-02, and SD 16-03).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance and other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item CF 16-01.

The District's Responses to Finding(s)

The District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no such opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



August 28, 2016

GRAND ISLE INDEPENDENT LEVEE DISTRICT
State of Louisiana

SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2016

I have audited the financial statements of the Grand Isle Independent Levee District (the "District") as of and for the year ended June 30, 2016, and have issued my report thereon dated August 28, 2016. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2016 resulted in an unqualified opinion.

SECTION I - SUMMARY OF AUDITOR'S RESULTS

- A. The auditor's report expresses an unqualified opinion on the financial statements of the District.
- B. Report on Internal Control and Compliance Material to the Financial Statements
Internal Control:
 - Significant Deficiencies were noted (see below).
 - No Material Weaknesses were noted.Compliance:
 - One instance of noncompliance material to the financial statements was noted (see below).
- C. Federal Awards - not applicable
- D. Identification of Major Programs not applicable

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCIES

SD Comment # 16-01 - Inadequate Segregation of Duties

Condition and Criteria - I noted that the size of the District's operations is too small to provide for an adequate segregation of duties. The District's bookkeeper/secretary is charged with most of the responsibilities relating to the cash receipts, cash disbursement, and financial reporting cycles. The District does, however, have various controls in place which tend to mitigate this problem, including (1) having a Commissioner review and initial all bank reconciliations, (2) requiring dual signatures on all checks, and (3) requiring the presentation of actual versus budget reports on a monthly basis, and (4) the use and reconciliation of pre-numbered receipts.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
State of Louisiana

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Fiscal Year Ended June 30, 2016

Cause - Recently issued Statement of Auditing Standards (SAS) 115 requires that I report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that may be partially mitigated or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation - Employing additional controls may not be cost beneficial, however, the Board should remain cognizant of the lack of segregation of duties.

Management's Response - We are aware of the condition, however, at this point we are not in the financial position of addressing the problem. The Board is aware of the condition and will continue to monitor the financial activity of the District in a timely manner.

SD Comment # 16-02 - Preparation of Financial Statements by Auditor

Condition and Criteria - The District does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements in accordance with generally accepted accounting principle. As is common in small organizations, the District has chosen to engage the auditor to prepare its annual financial statements. This condition is intentional by management, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles.

Cause - Recently issued Statement of Auditing Standards (SAS) 115 requires that I report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation - As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies noted under SAS 115. In this case, I do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, I do not believe any corrective action is necessary.

Management's Response - The District's staff is familiar with the day-to-day accounting requirements; however, due to limited staffing and funding, we do not consider it practical to provide sufficient training to our staff in order to eliminate this condition and can only continue to rely on the auditor to prepare the financial statements at this time.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
State of Louisiana

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Fiscal Year Ended June 30, 2016

SD Comment # 16-03 – Maintaining Proper Fixed Asset Records

Condition and Criteria - The District does not maintain a formal fixed assets ledger. Instead, it has chosen to rely on the external auditor to maintain a schedule of general fixed assets within an excel spreadsheet, which is adjusted each year during the audit. By not maintaining a general ledger on fixed assets, the District must wait until year end to calculate and post depreciation on fixed assets.

Cause - The District's software system (Quicken) does not record and depreciate fixed assets.

Recommendation - The District should work towards entering the records relating to the fixed assets into affixed asset software system or at least, maintain an excel spreadsheet. This would allow for the timely capitalization and depreciation of all fixed assets.

Management's Response - We will look into doing this for the next fiscal year audit. Since we record our activity on a "cash-basis" of accounting, we do not see this as a must and are satisfied with relying on the year-end audit adjustments to reflect capitalization and depreciation activity. We review the spreadsheet maintained for the audit and take responsibility for its contents.

COMPLIANCE FINDINGS

CF Finding # 16-01 - Actual Revenues Exceed Amended Budget by Greater Than 5.0 Percent

Description of Noncompliance - State Statutes (LRS 39:1310 and 1311) require political subdivisions to adopt a budget and to amend said budget when revenues, expenditures, or projected fund balance is expected to exceed the budget by more than 5.0 percent. At June 30, 2016, actual revenues of the General Fund totaled \$4,813,462 and the Amended Budget for Revenues totaled \$5,482,859, resulting in a variance of \$669,397 or 12.2 percent. General Fund expenditures totaled \$4,687,949 and budgeted expenditures totaled \$5,452,525, resulting in a variance of \$764,576 or 14.0 percent.

Management's Response - The District was overseeing a very large capital project (the Fifi Island Restoration project), which was funded with CPRA funds. Due to the size of the project and the uncertainty of project delays or extensions, the District missed the expected revenues and expenditures on the project. Both the revenues and expenditures were out for the same reason. Outside of this one issue all revenues were within 5.0 percent of budget. We will work towards not letting this happen in the future.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
State of Louisiana

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Fiscal Year Ended June 30, 2016

PRIOR YEAR COMMENTS OR FINDINGS

Prior Year Comment No.	Description	Status
# SD 15-01	Inadequate segregation of duties.	See CY Comment # SD 16-01
# SD 15-02	Financial Statements prepared by external auditor.	See CY Comment # SD 16-02
# SD 15-03	Fixed Asset schedules maintained by external auditor.	See CY Comment # SD 16-03
# CF 15-01	Expenditures exceeded budget by more than 5.0 percent and budget was not properly amended in accordance with LRS 39:1310 and 1311.	See CY Comment # CF 16-03

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not Applicable