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

**ANNUAL FINANCIAL REPORT
Year Ended June 30, 2006**

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 1/10/07

TABLE OF CONTENTS

FINANCIAL SECTION	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	20
Notes to Financial Statements	
Note A - Summary of Significant Accounting Policies	21
Note B - Reconciliation of Government-wide and Fund Financial Statements ..	25
Note C - Stewardship, Compliance, and Accountability	26
Note D - Detailed Notes on All Activities and Funds	
Note D.1 - Deposits and Investments	27
Note D.2 - Capital Assets	28
Note D.3 - Receivables	29
Note D.4 - Ad Valorem Tax	29
Note D.5 - Intergovernmental Revenues and Grants	30
Note E - Commitments and Contingencies	31
Note F - Other Information	32
 INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
General Fund	
Schedule of Revenues - Budget and Actual	34
Schedule of Expenditures -Budget and Actual	35

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
SUPPLEMENTARY INFORMATION	
Schedule of Commissioners' Per Diem	38
Schedule of State Funding	39
Schedule of Expenditures of Federal Funds	40

COMPLIANCE SECTION

Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41
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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

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, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

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, 2006 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.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 22, 2006, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

The schedule of expenditures of federal awards included in the Supplemental Information section is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the individual fund statements and schedules, and the supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Paul C. Rine, CPA

December 22, 2006

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, 2006.

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 \$5,801 (*net assets*). Of this amount, \$5,641 or 97.2 percent is invested in capital assets, such as infrastructure (levees and breakwaters), vehicles and equipment. The remaining balance of \$160 (*unrestricted net assets*) or 2.8 percent may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's total net assets decreased by (\$184) or 3.1 percent during the current year because total expenses exceeded total revenues by that amount. The net expense of the District totaled \$304, an increase of \$366 from last year. The major items contributing to this decrease were 1) a \$79 increase in depreciation expense as the Fifi Island improvements and breakwaters are now capitalized and are being depreciated, 2) operating expenses also increased \$71, primarily due to engineering fees incurred after the hurricanes and increased insurance premiums, and 3) non-recurring capital grants decreased by (\$217) from last year, resulting in increased costs.
- As of the close of the current fiscal year, the District's governmental fund (the General Fund) reported ending fund balance of \$160, a decrease of \$92 or 36.5 percent in comparison with the prior year. Approximately \$160 or 100.0 percent of this total amount, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$160 or 75.5 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.

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 Assets" presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 State Funding, and a Schedule of Expenditures of Federal Funds, is included on pages 38 to 40.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$5,801 at June 30, 2006.

A large portion of the District's net assets (97.2 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		Governmental Activities	
	2006		2005	
Current and other assets	\$ 161		\$ 257	
Capital assets	5,641		5,733	
Total assets	<u>5,802</u>		<u>5,990</u>	
Long-term liabilities outstanding	0		0	
Other liabilities	1		5	
Total liabilities	<u>1</u>		<u>5</u>	
Net assets:				
Invested in capital assets, net of related debt	5,641	97.2%	5,733	95.8%
Restricted	0	0.0%	0	0.0%
Unrestricted	160	2.8%	252	4.2%
Total net assets	<u>\$ 5,801</u>		<u>\$ 5,985</u>	

The balance of *unrestricted net assets* (\$160 or 2.8 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At June 30, 2006, the District is able to report positive fund balances in all three categories of net assets.

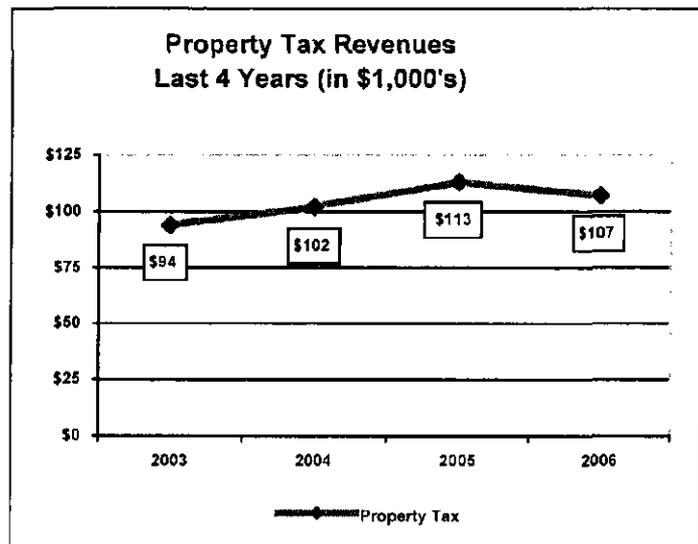
The District's net assets decreased by (\$184) during the current fiscal year.

Governmental Activities. Governmental activities decreased the District's net assets by (\$184). Key elements of this increase are as follows:

GRAND ISLE INDEPENDENT LEEVE DISTRICT

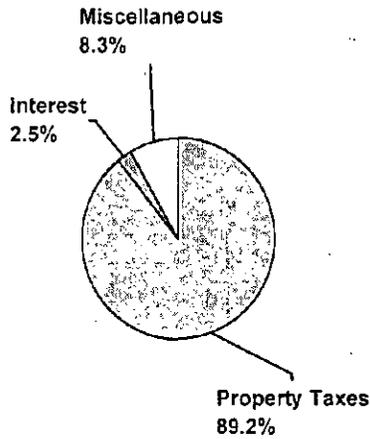
	Governmental Activities 2006		Governmental Activities 2005	
Revenues				
Program revenues:				
Charges for services	\$ -	0.0%	\$ -	0.0%
Operating grants and contributions	-	0.0%	-	0.0%
Capital grants and contributions	-	0.0%	217	65.2%
General revenues:				
Property taxes	107	89.2%	113	33.9%
Unrestricted interest	3	2.5%	3	0.9%
Miscellaneous	10	8.3%	-	0.0%
Total revenues	<u>120</u>	<u>100.0%</u>	<u>333</u>	<u>277.5%</u>
Expenses:				
Public safety				
Public Works	304	100.0%	155	100.0%
Total expenses	<u>304</u>	<u>100.0%</u>	<u>155</u>	<u>100.0%</u>
Increase in net assets	(184)		178	
Net assets - Beginning of year	5,985		5,807	
Net assets - end of year	<u>\$ 5,801</u>		<u>\$ 5,985</u>	

- The program revenue capital grants was \$-0- in the current year due to non-recurring capital grants recorded in the prior year. The main source of these revenues was a capital grant received from the National Oceanic and Atmospheric Association for the restoration of Fifi Island.
- Property taxes came in at \$107, a decrease of \$6 or 5.3 percent. This decrease is due to hurricane damage reassessments done by the Assessor at the direction of the Governor's Office. The district's millage rate was 4.78 mills on the 2005 tax roll and 4.78 on the 2004 tax roll.
- Interest income came in at \$3 during the year.
- Miscellaneous income included \$9 from the Town of Grand Isle as insurance proceeds from the damaged boat.



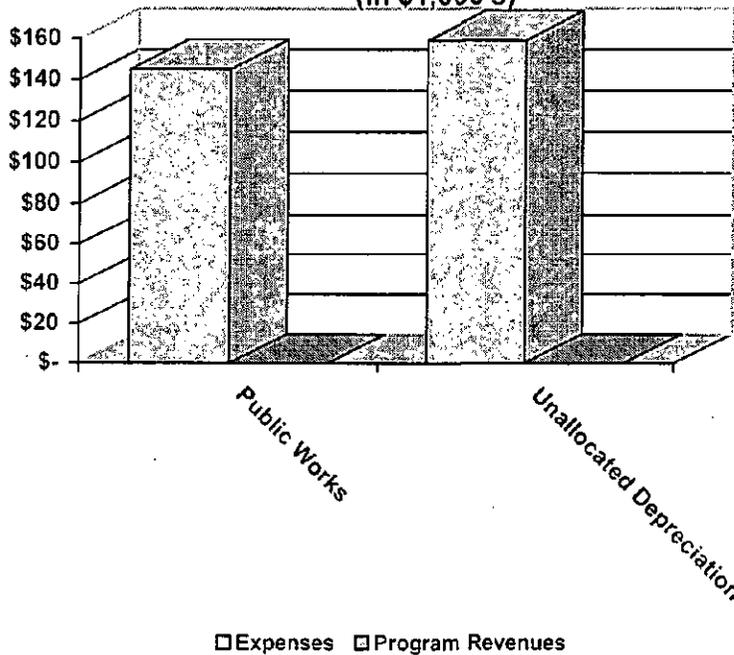
A breakdown of the revenues received by the District's governmental activities is as follows:

Revenues by Source - Governmental Activities



Expenses totaled \$304, including current year depreciation of \$159. 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

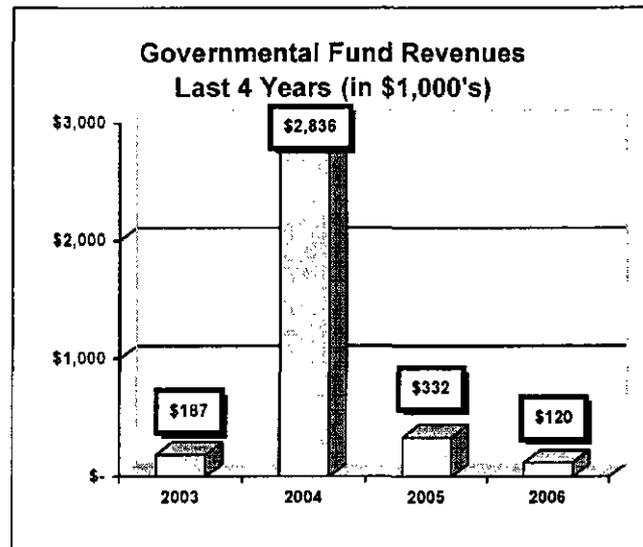
As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, *unreserved 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, 2006, the District's governmental fund (i.e., the General Fund) reported ending fund balance of \$160, a decrease of \$92 or 36.5 percent in comparison with the prior year. Approximately \$160 or 100.0 percent of this total constitutes *unreserved 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 decreased significantly from the past year. Because of the small size of the operating fund, operating and capital grants can create large swings in revenues when recognized.

As a measure of the General fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 75.5 percent of total general fund expenditures, with the capital grant expenditures included. Without the levee construction costs, the fund balance represents 111.0 percent of operating expenditures.



The fund balance of the District's General fund decreased by (\$92) during the current fiscal year. Key factors in this change are as follows:

- The General Fund's revenues totaled \$120 while expenditures totaled \$212.
- Revenues decreased by (\$212) over the prior year, mainly because of:
 - Property taxes decreasing (\$6) due to decreases in the assessed value of property caused by Hurricanes Katrina and Rita.

- Intergovernmental revenues decreased (\$217) due to the one-time capital grants received in the prior year from the National Oceanic Atmospheric Association for restoring Fifi Island.
 - Miscellaneous income went up \$10 due to insurance proceeds from the damaged boat.
- Expenditures decreased (\$79) due to the following:
- Travel decreased by (\$8), to reflect a drop in travel after the hurricanes,
 - Professional services increased by \$52, primarily in engineering fees, as damage assessments were made by the Shaw Group (our Contractor),
 - Operating and maintenance costs were up \$32, primarily due to increases in insurance premiums,
 - Capital outlay for equipment increased by \$67, due to purchase of 1 new tractor and the splitting of the cost of another tractor with the Town of Grand Isle,
 - Levee construction expenditures decreased by (\$216), due to the Fifi Island restoration project being completed in the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District made one amendment to its original budget during the fiscal year ended June 30, 2006. Revenues of the General Fund were budgeted at \$192 and came in at \$120, a negative variance of (\$72). The largest variance was in intergovernmental grants as NOAA grant for Fifi Island restoration was budgeted into 05/06 even though it was accrued in full in the prior year.

- Expenditures of the General Fund were budgeted at \$218 and came in at \$212, a positive variance of \$6. Note C.2 provides a breakdown of the major variances. Personnel was over budget by \$4 while employee related benefits were under budget (\$4), due to federal taxes. Capital outlays were under budget by (\$6).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2006 amounts to \$5,641 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture and fixtures, heavy equipment, vehicles, and infrastructure – levees and breakwaters. The District's investment in capital assets decreased by (\$92) or 1.6 percent this year.

Major capital asset events during the current fiscal year included the following:

- \$67 was spent on two new tractors
- \$159 was recognized as depreciation expense.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
BREAKDOWN OF FIXED ASSETS
(NET OF DEPRECIATION)**

	<u>Governmental Activities 2006</u>	<u>Governmental Activities 2005</u>
Land	\$ -	\$ -
Buildings	-	-
Furniture and fixtures	-	1
Heavy equipment	64	-
Vehicles	-	-
Infrastructure	5,577	5,732
Construction in progress	-	-
Total	<u>\$ 5,641</u>	<u>\$ 5,733</u>

Additional information on the District's capital assets can be found in Note D.2 on page 28 and Note D.5 on pages 30 and 31.

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 5.4 percent, which is 1.3 percent higher 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 is much higher.
- Inflationary trends in the region compare favorably to national indices.
- The ad valorem millage rate levied for the 2006 (next year's) tax roll was 4.78 mills.

All of these factors were considered in preparing the District's budget for the 2006-2007 fiscal year.

OTHER POTENTIALLY SIGNIFICANT MATTERS

- Hurricanes Katrina and Rita ravaged the Town of Grand Isle, parts of Jefferson Parish, and the surrounding New Orleans metropolitan area. Most of the District's assets were spared, though about 30 percent of the businesses and residences in the Town were destroyed or badly damaged. The District's only loss was its boat. The majority of the District's infrastructure assets (levees and breakwaters) survived.

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, Grand Isle, Louisiana 70358.

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BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET ASSETS
JUNE 30, 2006**

	GOVERNMENTAL ACTIVITIES
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 153,469
Investments	-
Receivables (net of allowance for uncollectibles)	7,027
Capital assets (net of accumulated depreciation)	
Land	-
Buildings	218
Furniture and fixtures	-
Heavy equipment	64,570
Vehicles	-
Infrastructure	5,576,553
Construction in progress	-
TOTAL ASSETS	<hr/> 5,801,837 <hr/>
LIABILITIES	
Accounts payable and other current liabilities	1,126
Accrued payroll and deductions	-
Deferred revenue	-
Noncurrent liabilities:	
Due within one year	-
Due in more than one year	-
TOTAL LIABILITIES	<hr/> 1,126 <hr/>
NET ASSETS	
Invested in capital assets, net of related debt	5,641,341
Unrestricted	159,370
TOTAL NET ASSETS	<hr/> \$ 5,800,711 <hr/>

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, 2006

FUNCTION	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Primary Government					
Governmental Activities:					
Public Works	\$ 144,771	\$ -	\$ -	\$ -	\$ (144,771)
Unallocated depreciation expense	158,906	-	-	-	(158,906)
Interest on long-term debt	-	-	-	-	-
Total governmental activities	<u>\$ 303,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(303,677)</u>
GENERAL REVENUES:					
					107,279
					2,851
					-
					9,689
TRANSFERS IN (OUT)					
					-
TOTAL GENERAL REVENUE AND TRANSFERS					
					<u>119,819</u>
CHANGE IN NET ASSETS					
					(183,858)
NET ASSETS					
					5,984,569
					<u>\$ 5,800,711</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, 2006**

	<u>GENERAL</u>
ASSETS	
Cash and cash equivalents	\$ 153,469
Investments	-
Receivables (net of allowance for uncollectibles)	7,027
TOTAL ASSETS	<u><u>\$ 160,496</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	\$ 1,126
Accrued payroll and deductions	-
Deferred revenue	-
TOTAL LIABILITIES	<u><u>1,126</u></u>
Fund Balances	
Unreserved, reported in:	
General Fund	159,370
TOTAL FUND BALANCES	<u><u>159,370</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 160,496</u></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 ASSETS
FOR THE YEAR ENDED JUNE 30, 2006**

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

Total Fund Balances at June 30, 2006 - Governmental Funds (page 16) \$ 159,370

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$6,281,276 and the accumulated depreciation is \$639,935. 5,641,341

Total Net Assets of Governmental Activities at June 30, 2006 (page 14) \$ 5,800,711

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, 2006**

	<u>GENERAL</u>
REVENUES	
Taxes	
Property taxes	\$ 107,279
Intergovernmental	
Federal	-
State	-
Parish/Local	-
Interest	2,851
Miscellaneous	9,689
TOTAL REVENUES	<u>119,819</u>
EXPENDITURES	
Current	
Public Works	
Personnel	22,390
Employee related benefits	1,314
Travel	10,477
Office	2,798
Professional services	59,834
Operating and maintenance	46,742
Capital outlay	
Property, plant and equipment	67,423
Levee construction projects	1,216
TOTAL EXPENDITURES	<u>212,194</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(92,375)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	-
Transfers out	-
Capital leases	-
Sale of capital assets	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	(92,375)
FUND BALANCE	
Beginning of year	251,745
End of year	<u>\$ 159,370</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, 2006**

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) \$ (92,375)

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. (91,483)

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

Change in net assets of governmental activities (page 15) \$ (183,858)

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, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Property taxes	\$ 110,000	\$ 107,150	\$ 107,279	\$ 129
Intergovernmental				
Federal	-	73,400	-	(73,400)
State	-	-	-	-
Parish/Local	-	-	-	-
Interest	2,100	1,833	2,851	1,018
Miscellaneous	100	9,820	9,689	(131)
TOTAL REVENUES	112,200	192,203	119,819	(72,384)
EXPENDITURES				
Current				
Public Works				
Personnel	23,600	18,614	22,390	(3,776)
Employee Related Benefits	7,900	5,090	1,314	3,776
Travel	20,000	10,477	10,477	-
Office	7,200	2,799	2,798	1
Professional Services	22,800	59,834	59,834	-
Operating and Maintenance	16,500	46,750	46,742	8
Capital outlay				
Property, plant and equipment	2,000	69,423	67,423	2,000
Levee construction projects	-	5,061	1,216	3,845
TOTAL EXPENDITURES	100,000	218,048	212,194	5,854
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	12,200	(25,845)	(92,375)	(66,530)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	12,200	(25,845)	(92,375)	(66,530)
FUND BALANCE				
Beginning of year	251,745	251,745	251,745	-
End of year	\$ 263,945	\$ 225,900	\$ 159,370	\$ (66,530)

The accompanying notes are an integral part of this statement.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

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, 2006

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 assets 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, 2006

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, 2006

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, 2006 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
Infrastructure (levees, breakwaters, etc.)	40

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designated fund balances represent tentative plans for future use of financial resources that are subject to change.

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 assets 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 (\$91,483) difference are as follows:

Capital outlay	\$	67,423
Depreciation expense		(158,906)
		<hr style="border-top: 1px solid black;"/>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets - governmental activities</i>	\$	<u><u>(91,483)</u></u>

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

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, 2006. 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, 2006, expenditures exceeded budget in the following object levels within the General Fund:

<u>Object/Function</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Personnel	\$ 22,390	\$ 18,614	\$ (3,776)

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

NOTE C - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The budget for travel was exceeded due to the District not taking federal and state taxes into account when setting up the budget.

The overbudget items were funded through available fund balance.

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

1. Deposits with Financial Institutions and Investments

Deposits with Financial Institutions

At June 30, 2006, deposits with financial institutions consisted of the following:

	Cash	Certificates of Deposit	Other	Total
Book Value of Deposits in Banks	\$ 143,469	\$ 10,000	\$ 0	\$ 153,469
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
A. Uninsured and uncollateralized	\$ 0	\$ 0	\$ 0	\$ 0
B. Uninsured and collateralized with securities held by pledging institution	0	0	0	0
C. Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name	0	0	0	0
Total Bank Balances Exposed to Custodial Credit Risk	\$ 0	\$ 0	\$ 0	\$ 0
Total Bank Balances - All Deposits	\$ 198,843	\$ 10,000	\$ 0	\$ 208,843

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

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

2. Capital Assets

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

	Balance July 1, 2005	Additions	Deletions	Transfers	Balance June 30, 2006
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Construction in progress	0	0	0	0	0
Total capital assets, not being depreciated	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Capital assets, being depreciated					
Buildings	\$ 2,185	\$ 0	\$ 0	\$ 0	\$ 2,185
Furniture and fixtures	7,253	0	0	0	7,253
Heavy equipment	4,667	67,423	0	0	72,090
Vehicles	9,314	0	(9,314)	0	0
Infrastructure	6,199,748	0	0	0	6,199,748
Total capital assets, being depreciated	6,223,167	67,423	(9,314)	0	6,281,276
Less accumulated depreciation for:					
Buildings	(1,748)	(219)	0	0	(1,967)
Furniture and fixtures	(6,413)	(840)	0	0	(7,253)
Heavy equipment	(4,667)	(2,853)	0	0	(7,520)
Vehicles	(9,314)	0	9,314	0	0
Infrastructure	(468,201)	(154,994)	0	0	(623,195)
Total accumulated depreciation	(490,343)	(158,906)	9,314	0	(639,935)
Total capital assets being depreciated, net	\$ 5,732,824	\$ (91,483)	\$ 0	\$ 0	\$ 5,641,341
Total governmental activities capital assets, net	\$ 5,732,824	\$ (91,483)	\$ 0	\$ 0	\$ 5,641,341

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

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

3. Receivables

A breakdown of the District's receivables at year end is as follows:

	General
Receivables:	
Intergovernmental	
State Capital Outlay (# 36-L25-99B-01)	\$ 2,400
NOAA Coastal Impairment Assistance Program (# NA170Z2152) - Restoration	1,126
NOAA Coastal Impairment Assistance Program (# NA170Z2152) - Wave Breakers	3,501
Total Governmental Activities	\$ 7,027

See Note D.5 for a discussion of the programs which gave rise to these receivables.

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.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

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

The number of mills levied for operations on the 2005 and 2004 tax rolls were 4.78 and 4.78, respectively.

5. Intergovernmental Revenues and Grants

NOAA - Coastal Impairment Assistance Program - Fifi Island Restoration

The National Oceanic and Atmospheric Administration (NOAA) awarded the Parish of Jefferson a Coastal Impairment Assistance Program grant in the amount of \$249,875. The Parish in-turn dedicated this money to the District to fund the Fifi Island restoration project. In addition, the NOAA awarded the State Department of Natural Resources (LDNR) a similar grant. Through a cooperative agreement (# 2513-02-09), the LDNR dedicated \$749,625 towards the Fifi Island restoration project, bringing the total allocated to \$999,500 at June 30, 2005. An additional \$2,000,000 was dedicated to this program during 03/04, bringing the total budget to \$2,999,500.

A breakdown of the amount spent to date and reimbursed is as follows:

	Actual	Budget	Outstanding
Expended to Date	\$ 2,926,877	\$ 2,999,500	\$ 72,623
Amount Received to Date	(2,925,751)	(2,999,500)	(73,749)
Accounts Receivable	<u>\$ 1,126</u>	<u>\$ 0</u>	<u>\$ (1,126)</u>

This \$1,126 is accrued as a receivable at June 30, 2006 - See Note D.3.

NOAA - Coastal Impairment Assistance Program - Fifi Island Wave Breakers

In a supplement to the award noted above, the National Oceanic and Atmospheric Administration (NOAA) awarded the District an additional \$76,900 for wave breakers on Fifi Island through a Coastal Impairment Assistance Program grant. In 04/05, the District spent the money on the project and an accrual was made for \$76,900. During 05/06, only \$73,399 was received, thus the balance of \$3,501 is accrued as a receivable at June 30, 2006 - See Note D.3.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

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

	Actual	Budget	Outstanding
Expended to Date	\$ 76,900	\$ 76,900	\$ 0
Amount Received to Date	(73,399)	(76,900)	(3,501)
Accounts Receivable	<u>\$ 3,501</u>	<u>\$ 0</u>	<u>\$ (3,501)</u>

Breakwaters North of Grand Isle - Planning and Construction

In May 2002, the District entered into a Local Cooperative Endeavor Agreement with the State under Project # 36-L25-99B-01, whereby the Louisiana Office of Facility Planning and Control provided \$772,900 from it's State Capital Outlay allocation to the District for design and construction of breakwaters on the north side of the island. During the previous fiscal years, the District spent \$837,310 in engineering and construction costs. The District funded \$64,410 of the project with its own funds and \$770,500 has been received from the State. The District is owed \$2,400 on this project, which is shown as a receivable on the balance sheet - See Note D.3.

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 (\$1,000,000 in the aggregate) and worker's compensation is provided at the statutory limits of \$1,000,000/1,000,000/1,000,000. In each policy, the District is responsible for the applicable deductible.

2. Litigation

There is no litigation pending against the District at June 30, 2006.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2006

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 for the year is \$1,314. 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, some of 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.

The loss of the boat was covered by insurance. No claims have yet been filed with the Federal Emergency Management Agency (FEMA).

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, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Property taxes	\$ 110,000	\$ 107,150	\$ 107,279	\$ 129
Intergovernmental				
Federal				
NOAA CAIP Grant (#NA170Z2152)	-	-	-	-
NOAA CAIP Grant (#NA170Z2152)	-	73,400	-	(73,400)
	-	73,400	-	(73,400)
State				
State Capital Outlay (#36-L25-99B-01)	-	-	-	-
State - Other	-	-	-	-
	-	-	-	-
Parish/Local				
Grand Isle Beautification Committee Donation	-	-	-	-
	-	-	-	-
Service charges, fees, and commissions	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	2,100	1,833	2,851	1,018
Miscellaneous	100	9,820	9,689	(131)
TOTAL REVENUES	\$ 112,200	\$ 192,203	\$ 119,819	\$ (72,384)

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA

GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES				
Current				
Public Works				
Personnel				
Salaries	\$ 18,200	\$ 15,014	\$ 18,790	\$ (3,776)
Commissioner's per diems	5,400	3,600	3,600	-
Employee expenses	-	-	-	-
Total	<u>23,600</u>	<u>18,614</u>	<u>22,390</u>	<u>(3,776)</u>
Employee Related Benefits				
Payroll taxes - state - penalties	700	-	-	-
Payroll taxes - federal	5,000	5,090	1,314	3,776
Insurance - workman's compensation	2,200	-	-	-
Total	<u>7,900</u>	<u>5,090</u>	<u>1,314</u>	<u>3,776</u>
Travel				
Travel	20,000	10,477	10,477	-
Total	<u>20,000</u>	<u>10,477</u>	<u>10,477</u>	<u>-</u>
Office				
Advertising	1,000	379	379	-
Bank charges	-	76	75	1
Dues and subscriptions	3,000	1,725	1,725	-
Lease - office	-	-	-	-
Office supplies	2,000	-	-	-
Postage	200	103	103	-
Telephone	1,000	516	516	-
Total	<u>7,200</u>	<u>2,799</u>	<u>2,798</u>	<u>1</u>
Professional Services				
Audit	2,800	2,800	2,800	-
Engineering and other	20,000	57,034	57,034	-
Total	<u>22,800</u>	<u>59,834</u>	<u>59,834</u>	<u>-</u>
Operating and Maintenance				
Contract labor	-	-	-	-
Debris removal project	-	-	-	-
Food and lodging	3,500	4,888	4,888	-
Gas and oil	-	-	-	-
Grass cutting	-	-	-	-
Insurance - general, auto, marine	13,000	41,362	41,362	-
Licenses and permits	-	-	-	-
Miscellaneous	-	500	492	8
Repairs and maintenance	-	-	-	-
Small tools and equipment	-	-	-	-
Total	<u>16,500</u>	<u>46,750</u>	<u>46,742</u>	<u>8</u>
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay				
Property, plant and equipment	2,000	69,423	67,423	2,000
Levee and other construction projects				
Breakwater construction	-	-	-	-
Fri Island restoration	-	5,061	1,216	3,845
FEMA project	-	-	-	-
Miscellaneous projects	-	-	-	-
Total	<u>2,000</u>	<u>74,484</u>	<u>68,639</u>	<u>5,845</u>
TOTAL EXPENDITURES	\$ 100,000	\$ 218,048	\$ 212,194	\$ 5,854

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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, 2006**

Board Member	Number of Meetings	Amount Paid
Wayne Estay	16	\$ 1,200
Robert "Bobby" Santini	32	2,400
Total		<u>\$ 3,600</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).

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 2006**

<u>Description of Funding</u>	<u>Amount</u>
State Capital Outlay Program (Project # 36-L25-99B-01)	<u>\$ 0</u>

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2006

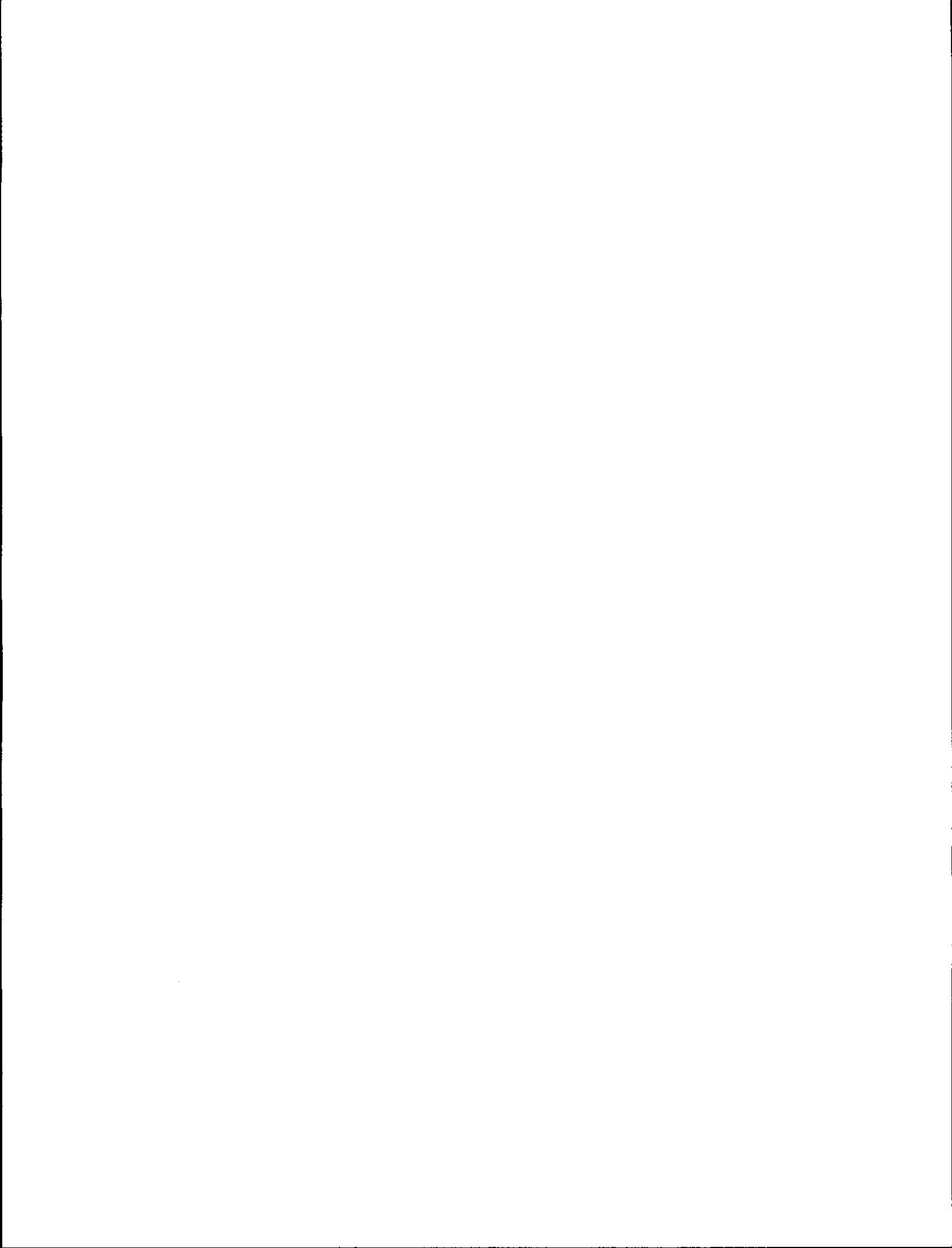
FEDERAL AGENCY/ PROGRAM TITLE	CFDA NUMBER	GRANT/ PROJECT NUMBER	GRANT PERIOD FROM TO	TOTAL GRANT AWARD	ACCURUED (DEFERRED) REVENUE JUNE 30, 2005	CASH/ ASSISTANCE RECEIVED DURING YEAR	ACCURUED (DEFERRED) REVENUE JUNE 30, 2006	TOTAL REVENUE RECOGNIZED	TOTAL FEDERAL EXPENDITURES
PASS-THROUGH AWARDS									
DEPARTMENT OF COMMERCE, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION									
Passed through Jefferson Parish via Louisiana Department of Natural Resources									
Coastal Impairment Assistance Program - Fift Island Restoration	11.419	NA170Z2152/2513-02-09	Project Completion	2,999,500 (1) \$	1,126 \$	-	1,126 \$	-	\$
Coastal Impairment Assistance Program - Fift Island Wave Breakers	11.419	NA170Z2152/2513-02-09	Project Completion	76,900 (1) \$	76,900 \$	73,399 \$	3,501 \$	-	\$
					78,026	73,399	4,627	-	-
TOTAL FEDERAL ASSISTANCE				\$ 78,026	\$ 78,026	\$ 73,399	\$ 4,627	\$ -	\$ -

NOTES TO SCHEDULE:

This Schedule of Expenditures of Federal Awards includes the federal grant activity of the Grand Isle Independent Levee District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Antidebt Control, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(1) - Amount represents \$249,875 received from JP via NOAA Grant NO. NA170Z2152 and \$2,749,625 from Louisiana Department of Natural Resources via Cooperative Agreement between Jefferson Parish, LA, CNR, and the District.

COMPLIANCE SECTION



Paul C. Rivera, CPA

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

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

I have audited the 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, 2006, which collectively comprise the District's basic financial statements and have issued my report thereon dated December 22, 2006. 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.

Compliance

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition.

Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described below:

Reportable Condition - Comment # 06-01

Condition - I noted that the size of the District's operations are too small to provide for an adequate segregation of duties. The District's secretary is charged with most of the responsibilities relating to the cash receipts and cash disbursement 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, (3) requiring the presentation of actual versus budget report on a monthly basis, and (4) the use and reconciliation of pre-numbered receipts.

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

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.

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

This report is intended for the information of the Board of Commissioners, the District's management, the Louisiana Legislative Auditor, all applicable Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, the report is distributed by the Legislative Auditor as a public document.

Paul C. Rimec, CPA
December 22, 2006