

Component Unit Financial Statements
And Report of Independent Auditors
With Supplemental Information

GRAVITY DRAINAGE DISTRICT NO. 3
OF CAMERON PARISH
Cameron, Louisiana

December 31, 2010

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 **SEP 21 2011**

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Independent Auditors' Report

GRAVITY DRAINAGE DISTRICT No. 3
OF CAMERON PARISH
Cameron, Louisiana

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Gravity Drainage District No. 3 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2010, which collectively comprise the Gravity Drainage District No. 3 of Cameron Parish's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Gravity Drainage District No. 3 of Cameron Parish's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Gravity Drainage District No. 3 of Cameron Parish as of December 31, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 11, 2011 on our consideration of the Gravity Drainage District No. 3 of Cameron Parish's internal control over financial reporting and on our 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 our testing of internal control 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* and should be considered in assessing the results of our audit.

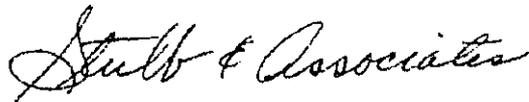
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Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 14 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Gravity Drainage District No. 3 of Cameron Parish has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The other supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of Gravity Drainage District No. 3 of Cameron Parish. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



August 11, 2011

Gravity Drainage District No. 3 of Cameron Parish
Cameron, Louisiana

STATEMENT OF NET ASSETS

December 31, 2010

	General Fund	Adjustments	Statement of Net Assets
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 137,052.53	\$ -	\$ 137,052.53
Property tax receivable	<u>194,825.50</u>	<u>-</u>	<u>194,825.50</u>
Total Current Assets	331,878.03	-	331,878.03
Noncurrent assets			
Capital assets, net of accumulated depreciation	<u>-</u>	<u>21,074.53</u>	<u>21,074.53</u>
TOTAL ASSETS	<u>\$ 331,878.03</u>	<u>21,074.53</u>	<u>352,952.56</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	<u>6,737.36</u>	<u>-</u>	<u>6,737.36</u>
Total Current Liabilities	<u>6,737.36</u>	<u>-</u>	<u>6,737.36</u>
TOTAL LIABILITIES	<u>6,737.36</u>	<u>-</u>	<u>6,737.36</u>
<u>FUND BALANCE</u>			
Unreserved	<u>325,140.67</u>	<u>(325,140.67)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 331,878.03</u>		
<u>NET ASSETS</u>			
Invested in capital assets		21,074.53	21,074.53
Unrestricted		<u>325,140.67</u>	<u>325,140.67</u>
		<u>\$ 21,074.53</u>	<u>\$ 346,215.20</u>

See notes to the financial statements

GRAVITY DRAINAGE DISTRICT NO. 3 OF CAMERON PARISH
Cameron, Louisiana

RECONCILIATION OF GOVERNMENTAL FUND BALANCE TO NET ASSETS
December 31, 2010

Total Governmental Fund Balances \$ 325,140.67

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Vehicles	12,374.00	
Equipment	63,698.74	
Accumulated depreciation	<u>(54,998.21)</u>	
Capital assets, net of accumulated depreciation	21,074.53	<u>21,074.53</u>

Net assets of governmental activities \$ 346,215.20

Gravity Drainage District No. 3 of Cameron Parish
Cameron, Louisiana

STATEMENT OF ACTIVITIES

For the year ended December 31, 2010

	General Fund	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES			
Personal services	\$ 27,060.00	\$ -	\$ 27,060.00
Operating services	306,699.17	-	306,699.17
Pension deduction	7,435.57	-	7,435.57
Depreciation	-	10,692.73	10,692.73
Total expenditures/expenses	<u>341,194.74</u>	<u>10,692.73</u>	<u>351,887.47</u>
 GENERAL REVENUES			
Ad valorem taxes	357,687.95	-	357,687.95
Other income	757.20	-	757.20
Interest Income	139.55	-	139.55
Total general revenues	<u>358,584.70</u>	<u>-</u>	<u>358,584.70</u>
 CHANGE IN NET ASSETS	17,389.96	(10,692.73)	6,697.23
 FUND BALANCE/ NET ASSETS - BEGINNING OF YEAR	<u>307,750.71</u>	<u>31,767.26</u>	<u>339,517.97</u>
 FUND BALANCE/NET ASSETS - END OF YEAR	<u>\$ 325,140.67</u>	<u>\$ 21,074.53</u>	<u>\$ 346,215.20</u>

See notes to the financial statements

GRAVITY DRAINAGE DISTRICT NO. 3 OF CAMERON PARISH
Cameron, Louisiana

RECONCILIATION OF CHANGE IN GOVERNMENTAL FUND BALANCE
TO THE STATEMENT OF ACTIVITIES

December 31, 2010

Net change in fund balances - total governmental funds \$ 17,389.96

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report operating service, materials and supplies as
expenditures. However, in the statement of activities, assets with an
individual cost of \$1,000 or more are capitalized and the cost is allocated
over their estimated lives and reported as depreciation expense.

For the current period these amounts are:

Materials and supplies	-
Depreciation expense	<u>(10,692.73)</u>
Excess of capital outlay over depreciation expense	<u>(10,692.73)</u>

Change in net assets of governmental funds \$ 6,697.23

GRAVITY DRAINAGE DISTRICT NO. 3 OF CAMERON PARISH
Cameron, Louisiana

Notes to the Financial Statements
December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gravity Drainage District No. 3 of Cameron Parish was created on April 6, 1931, as a political subdivision of the State of Louisiana under the provisions of Louisiana Revised Statutes 38:1751-1802, and was established for the purpose of opening and maintaining all natural drains in the district where drainage is accomplished using the natural force of gravity. The district is governed by a board of 5 commissioners who are appointed by the Cameron Parish Police Jury.

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

As the governing authority of the parish, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity for Cameron Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

Appointing a voting majority of an organization's governing body and the ability of the police jury to impose its will on that organization and/or:

- a. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
- b. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
- c. Organizations for which the reporting entity financial statements would be misleading if the data of the organization is not included because of the nature of significance of the relationship.

GRAVITY DRAINAGE DISTRICT NO. 3 OF CAMERON PARISH
Cameron, Louisiana

Notes to the Financial Statements
December 31, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Because the police jury appoints all board members of the district and can impose its will on the district, the district was determined to be a component unit of the Cameron Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which the spending activities are controlled. The district's current operations require the use of only one governmental fund type. The governmental fund type is described as follows:

General Fund - The General Fund is the general operating fund of the district and is used to account for all financial activities not required to be accounted for in other funds.

Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's funds). In the government-wide Statement of Net Assets, governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The government-wide Statement of Activities reports revenues and expenses on a full accrual, economic resource basis. The Statement of Activities recognizes depreciation expense.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's assets resulting from current year's activities.

Basis of Accounting

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

GRAVITY DRAINAGE DISTRICT NO. 3 OF CAMERON PARISH
Cameron, Louisiana

Notes to the Financial Statements
December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrual

The governmental activities in the government-wide financial statements and the governmental fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Capital Assets and Long-term Debt

The accounting and reporting treatment applied to capital assets associated with a fund are determined by their measurement focus. General capital assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial statements. All purchased fixed assets are valued at historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$1,000.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Machinery and equipment	5 - 7 years

The district has no long-term debt at December 31, 2010.

Use of Estimates

The financial statements are prepared in conformity with generally accepted accounting principles and, accordingly, include amounts that are based on management's best estimates and judgments. Actual results could differ from these estimates.

2. CASH AND CASH EQUIVALENTS

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U. S. Government, obligations issued or guaranteed by an agency established by the U. S. Government, general obligation bonds of any state of the U. S., or any Louisiana Parish, municipality, or school district. The District's bank and time deposits at year end were entirely covered by federal depository insurance.

GRAVITY DRAINAGE DISTRICT NO. 3 OF CAMERON PARISH
Cameron, Louisiana

Notes to the Financial Statements
December 31, 2010

3. CAPITAL ASSETS

Capital assets consist of the following

	12/31/2009	Additions	Disposals	12/31/2010
Vehicles	\$ 12,374	\$ -	\$ -	\$ 12,374
Equipment	<u>63,699</u>	<u>-</u>	<u>-</u>	<u>63,699</u>
	76,073	-	-	76,073
Accumulated Depreciation	<u>(44,306)</u>	<u>(10,693)</u>	<u>-</u>	<u>(54,999)</u>
Total	<u>\$ 31,767</u>	<u>\$ (10,693)</u>	<u>\$ -</u>	<u>\$ 21,074</u>

4. AD VALOREM TAXES

The district has an authorized tax millage of 5.00 mills for general maintenance and operation of the district. For the year ended December 31, 2010, taxes were levied on taxable assessed valuations of \$46,800,792 at a millage of 5.00.

Property tax millage rates are adopted in July for the calendar year in which taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

5. RISK MANAGEMENT

The district is exposed to various risk of loss related to torts; thefts of, damage to, and destruction of assets and errors and omissions. To handle such risk of loss, the district maintains surety bond coverage, a general liability policy, and an errors and omissions policy, and automobile liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amount.

6. VACATION PAY/SICK LEAVE AND PENSION PLAN

The district has no employees; therefore, the district does not have a formal policy on vacation and sick leave and does not contribute to a pension plan.

GRAVITY DRAINAGE DISTRICT NO. 3 OF CAMERON PARISH
Cameron, Louisiana

Notes to the Financial Statements
December 31, 2010

7. LITIGATION AND CLAIMS

The district is not involved in any litigation at December 31, 2010, nor is it aware of any unasserted claims.

8. HURRICANE RITA

In September 2005, Cameron Parish was devastated by Hurricane Rita. At the time of the hurricane, the District had no fixed assets, except a vehicle, so assets were not impaired, however, the costs of debris removal has had a significant impact on the expenditures for operations. Since the hurricane, the district has received \$295,062 in reimbursements from FEMA. Although additional documentation has been submitted for reimbursement, the District is uncertain how much more will be received.

9. HURRICANE IKE

In September 2008, Cameron Parish was once again destroyed by Hurricane Ike. The cost of debris removal has had significant impacts on the expenditures for operations in 2009. Since the hurricane, the district has received \$72,017 reimbursements from FEMA. Although additional documentation has been submitted for reimbursement, the District is uncertain how much more will be received.

Gravity Drainage District No. 3 of Cameron Parish
Cameron, Louisiana

Budgetary Comparison Schedule - Budgetary Basis

For the year ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
RECEIPTS				
Ad valorem taxes, net	\$ 429,263.49	\$ 429,263.49	\$ 400,072.55	\$ (29,190.94)
Other income	-	-	757.20	757.20
Interest income	-	-	139.55	139.55
Total receipts	<u>429,263.49</u>	<u>429,263.49</u>	<u>400,969.30</u>	<u>(28,294.19)</u>
DISBURSEMENTS				
Personal services	24,600.00	24,600.00	27,060.00	2,460.00
Operating services	60,280.00	289,528.59	304,077.82	14,549.23
Pension deduction	-	-	7,435.57	7,435.57
Total disbursements	<u>84,880.00</u>	<u>314,128.59</u>	<u>338,573.39</u>	<u>24,444.80</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	344,383.49	115,134.90	62,395.91	(52,738.99)
BUDGETARY FUND BALANCE				
BEGINNING OF YEAR	<u>383,786.98</u>	<u>383,786.98</u>	<u>383,786.98</u>	<u>-</u>
BUDGETARY FUND BALANCE				
END OF YEAR	<u>\$ 728,170.47</u>	<u>\$ 498,921.88</u>	<u>\$ 446,182.89</u>	<u>\$ (52,738.99)</u>

See notes to required supplementary information.

GRAVITY DRAINAGE DISTRICT NO. 3 OF CAMERON PARISH
Cameron, Louisiana

Note to Required Supplementary Information - Budgetary Reporting

For the Year Ended December 31, 2010

Receipts - Budgetary Basis	\$400,969.30
Differences - budget to GAAP	
Receipts in current year for prior year revenue	(237,210.10)
Revenues for financial statement purposes to be received in subsequent year	<u>194,825.50</u>
Total revenues as reported on statement of activities - GAAP Basis	<u>\$358,584.70</u>
Dishursements - Budgetary Basis	\$338,573.39
Differences - budget to GAAP	
Current year disbursements reported as expenses in the prior year	(4,116.01)
Expenses for financial statement purposes to be paid in subsequent year	6,737.36
Capital items reported on the balance sheet for financial statement purposes but as operating expenditure for budgeting	
Depreciation expense	<u>10,692.73</u>
Total expenses as reported on statement of activities - GAAP Basis	<u>\$351,887.47</u>

**INDEPENDENT AUDITORS' 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**

GRAVITY DRAINAGE DISTRICT No. 3
OF CAMERON PARISH
Cameron, Louisiana

We have audited the basic financial statements of the Gravity Drainage District No. 3 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2010, and have issued our report thereon dated August 11, 2011. We conducted our 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Gravity Drainage District No. 3 of Cameron Parish's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Gravity Drainage District No. 3 of Cameron Parish's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Gravity Drainage District No. 3 of Cameron Parish's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

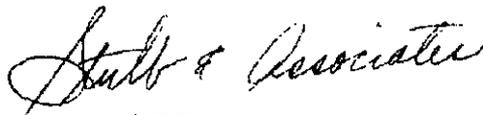
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting as item 2010-3 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Gravity Drainage District No. 3 of Cameron Parish's financial statements are free of material misstatement, we 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 amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2010-1 and 2010-2.

The Gravity Drainage District No. 3 of Cameron Parish's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Gravity Drainage District No. 3 of Cameron Parish's response and accordingly, we express no opinion on it.

This report is intended for the information of the Gravity Drainage District No. 3 of Cameron Parish, and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



August 11, 2011

Gravity Drainage District No. 3
Cameron, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES
Section I - Summary of Auditors' Results
December 31, 2010

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes Xno

- Significant Deficiency (ies) identified that are
not considered to be material weaknesses? Xyes ___no

- Noncompliance material to financial
statements noted? ___yes Xno

Section II - Financial Statement Findings

Current Audit

2010-1

Criteria: Under Louisiana Statute, the District is required to have an annual audit of its financial statements prepared in accordance with generally accepted accounting principles and to complete the audit and file it with the Legislative Auditor of Louisiana by June 30th of each year.

Condition: The District did not meet the deadline for reporting to the State of Louisiana.

Effect: The district did not comply with state statute.

Recommendation: The necessary procedures should be taken to have all the necessary information available to begin the audit process as soon after year end as possible.

Response: The district plans to have all the necessary accounting information available as soon after year end as possible.

Section II - Financial Statement Findings (continued)

2010-2

Condition: The budget was not amended for a variance in revenues and expenditures that is more than 5 percent.

Criteria: The Local Government Budget Act requires that the District adopt a budget amendment if there is a 5 percent variance in revenues or expenditures or beginning fund balance.

Effect: The District did not comply with the Budget Act.

Recommendation: The District should prepare a budget prior to year end and monitor the budget on a monthly basis. Any significant variances should be addressed and action should be taken as to whether an amended budget is necessary.

Response: The District will monitor the budget on a monthly basis and address whether an amendment to the budget is necessary each month.

2010-3

Condition: Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties.

Criteria: As part of an adequate system of internal control, certain accounting functions should be segregated in order to cross-reference each other for accuracy.

Effect: Intentional or unintentional errors could be made and not detected within the accounting system.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Response: We have considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. Management has attempted to mitigate this weakness by its supervision and review procedures.

Section III - Summary Schedule of Prior Audit Findings

Prior Audit

2009-1

Finding: The Local Government Budget Act requires that the District submit and make available to the public at least 15 days prior to the beginning of the budget year. A substantial amount of expenditures for the year were not in compliance with the original budget.

Response: Recommended procedures were not implemented during the 2009 audit year, but the District is in compliance for 2010.

2009-2

Finding: Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties.

Response: We have considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. Management has attempted to mitigate this weakness by its supervision and review procedures.

Gravity Drainage District No. 3
Cameron, Louisiana

Schedule of Per Diem Paid to Board Members
For the Year Ended December 31, 2010

PER DIEM PAID COMMISSIONERS

The schedule of per diem paid commissioners was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 38:1766, board members receive \$60 Per Diem for each board meeting they attend. The Secretary receives \$100 for each board meeting attended due to additional job responsibilities associated with the position.

<u>Recipient</u>	<u>Amount</u>
Scott Henry	\$ 480
Chad DeBarge	320
Coy Mudd	120
Ronald George	700
Mike Johnson	<u>540</u>
TOTAL	<u>\$ 2,160</u>