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

**ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2000**

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 2-28-01

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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 general purpose financial statements 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, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Grand Isle Independent Levee District as of June 30, 2000 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 22, 2000, on my consideration of the District's internal control over financial reporting and my tests of compliance with 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.

My audit was made for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The Supplemental Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Grand Isle Independent Levee District. This information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Paul C. Brien, CPA*

December 22, 2000

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**GRAND ISLE INDEPENDENT LEVEE DISTRICT**

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000**

	<u>GOVERNMENTAL FUND TYPE</u>	<u>ACCOUNT GROUP</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
	<u>GENERAL</u>	<u>GENERAL FIXED ASSETS</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 182,715	\$ 0	\$ 182,715
Due from state	38,126	0	38,126
Property, plant and equipment, net	0	20,902	20,902
<b>TOTAL ASSETS</b>	<b>\$ 220,841</b>	<b>\$ 20,902</b>	<b>\$ 241,743</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>			
<b>Liabilities</b>			
Accounts payable	\$ 0	\$ 0	\$ 0
Accrued salaries and related liabilities	10	0	10
Deferred revenue	47,430	0	47,430
<b>TOTAL LIABILITIES</b>	<b>47,440</b>	<b>0</b>	<b>47,440</b>
<b>Equity and Other Credits</b>			
Investment in general fixed assets	0	20,902	20,902
Fund Balance			
Unreserved and undesignated	173,401	0	173,401
<b>TOTAL EQUITY AND OTHER CREDITS</b>	<b>173,401</b>	<b>20,902</b>	<b>194,303</b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 220,841</b>	<b>\$ 20,902</b>	<b>\$ 241,743</b>

The accompanying notes are an integral part of this statement.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>GOVERNMENTAL FUND TYPE</u>
	<u>GENERAL</u>
<b>REVENUES</b>	
Ad valorem taxes	\$ 80,750
Intergovernmental - Federal Grants - FEMA	0
Intergovernmental - State Capital Outlay (#36-L25-99B-01)	0
Interest	5,575
Other	301
	<hr/>
TOTAL REVENUES	86,626 <hr/>
<b>EXPENDITURES</b>	
Current	
Public Works	
Personnel	22,455
Employee related benefits	1,612
Travel	3,573
Office	3,272
Professional services	17,251
Operating	9,628
Capital Outlay	
Breakwater construction	0
Miscellaneous projects	0
	<hr/>
TOTAL EXPENDITURES	57,791 <hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	28,835
<b>FUND BALANCE</b>	
Beginning of year, as restated	144,566
	<hr/>
End of year	\$ 173,401 <hr/>

The accompanying notes are an integral part of this statement.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) -  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Ad valorem taxes	\$ 80,750	\$ 86,000	\$ (5,250)
Intergovernmental - Federal Grants - FEMA	0	0	0
Intergovernmental - State Capital Outlay (#36-L25-99B-01)	0	700,000	(700,000)
Interest income	5,575	3,000	2,575
Other	301	350	(49)
<b>TOTAL REVENUES</b>	<u>86,626</u>	<u>789,350</u>	<u>(702,724)</u>
<b>EXPENDITURES</b>			
<b>Personnel</b>			
Salaries	17,520	18,000	480
Commissioner's per diem	4,875	5,400	525
Employee expenses	60	450	390
<b>Total</b>	<u>22,455</u>	<u>23,850</u>	<u>1,395</u>
<b>Employee related benefits</b>			
Payroll taxes - state - penalties	23	400	377
Payroll taxes - federal	1,341	3,500	2,159
Insurance - worker's compensation	248	0	(248)
<b>Total</b>	<u>1,612</u>	<u>3,900</u>	<u>2,288</u>
<b>Travel</b>			
Travel and other	3,573	9,500	5,927
<b>Total</b>	<u>3,573</u>	<u>9,500</u>	<u>5,927</u>
<b>Office</b>			
Lease - office	0	1	1
Telephone	1,061	1,000	(61)
Postage	77	500	423
Office supplies	191	1,000	809
Advertising	1,043	1,500	457
Dues and subscriptions	900	1,600	700
Bank charges	0	100	100
Sheriff's Office expense	0	0	0
<b>Total</b>	<u>3,272</u>	<u>5,701</u>	<u>2,429</u>
<b>Professional Services</b>			
Engineering and other	14,651	25,000	10,349
Audit fees	2,600	2,600	0
<b>Total</b>	<u>17,251</u>	<u>27,600</u>	<u>10,349</u>

(Continued)

**GRAND ISLE INDEPENDENT LEVEE DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) -  
GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Operating			
Gas and oil	459	800	341
Insurance - general, auto & marine	6,959	2,400	(4,559)
Repairs and maintenance	100	500	400
Licenses and permits	0	250	250
Contract labor	395	0	(395)
Food and lodging	761	3,000	2,239
Miscellaneous	954	900	(54)
Total	<u>9,628</u>	<u>7,850</u>	<u>(1,778)</u>
Capital outlay			
Breakwater construction	0	700,000	700,000
Miscellaneous projects	0	98,528	98,528
Total	<u>0</u>	<u>798,528</u>	<u>798,528</u>
<b>TOTAL EXPENDITURES</b>	<u><b>57,791</b></u>	<u><b>876,929</b></u>	<u><b>819,138</b></u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>28,835</b>	<b>(87,579)</b>	<b>116,414</b>
<b>FUND BALANCE</b>			
Beginning of Year, as restated	144,566	144,566	0
End of Year	<u>\$ 173,401</u>	<u>\$ 56,987</u>	<u>\$ 116,414</u>

The accompanying notes are an integral part of this statement.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2000**

**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, 2000**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2. Fund Accounting

The District uses funds and account groups 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. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The District has only one fund, the General Fund, and one account group, General Fixed Assets.

The General Fund is the general operating fund of the District. It is used to account for all financial resources and expenditures.

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under 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 government 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. Expenditures are recorded when the related fund liability is incurred.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2000**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4. Budgets

Formal budgetary accounting is employed as a management control device during the year for the General Fund. Expenditures may not exceed appropriations at the line-item level within the fund. All annual appropriations which are not expended lapse at year end.

The General Fund's budget is adopted on a "cash" basis of accounting. Encumbrances are not recorded for budgetary purposes.

5. Cash and Investments

For reporting purposes, cash 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.

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. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

6. 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, 2000 would not be material to the financial statements.

7. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2000**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

Public domain ("infrastructure") general fixed assets consisting primarily of levee construction and improvement costs are not capitalized, as these assets are immovable and of value only to the government.

Assets in the General Fixed Assets Account Group are not depreciated.

8. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

9. Total Columns on Combined Statements

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

**NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

1. Budget

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.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2000**

**NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

The original budget was adopted on June 22, 1999. Budgeted amounts included in the accompanying statements include supplemental appropriations and amendments through June 30, 2000.

**2. Budgetary to GAAP Reconciliation**

The accompanying Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund presents a comparison of the legally adopted budget with actual data on the budgetary basis of accounting (i.e., cash basis). A reconciliation of the actual excess (deficiency) of revenues over expenditures on a budgetary basis with the actual on a GAAP basis is as follows:

Excess (deficiency) of revenues over expenditures (budgetary basis)	\$	28,835
Add: prior year payables		0
Less: current year payables		0
		0
Excess (deficiency) of revenues over expenditures (GAAP basis)	\$	28,835

**NOTE C - DEPOSITS AND INVESTMENTS**

The carrying amount of the District's deposits at June 30, 2000 was \$182,715 and the bank balance was \$184,114. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The bank balance is categorized as follows:

**GRAND ISLE INDEPENDENT LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2000**

**NOTE C - DEPOSITS AND INVESTMENTS (CONTINUED)**

Risk Category	Cash	Certificates of Deposit	Amount
a. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	\$ 110,124	\$ 73,990	\$ 184,114
b. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name	0	0	0
c. Uncollateralized (including securities held for the entity by the pledging financial institution or its agent, but not in the entity's name)	0	0	0
Total	<u>\$ 110,124</u>	<u>\$ 73,990</u>	<u>\$ 184,114</u>

**NOTE D - FIXED ASSETS**

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

Asset Type	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Land	\$ 0	\$ 0	\$ 0	\$ 0
Buildings	2,185	0	0	2,185
Furniture and fixtures	4,736	0	0	4,736
Machinery, vehicles and equipment	13,981	0	0	13,981
TOTAL	<u>\$ 20,902</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,902</u>

**NOTE E - 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.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2000**

**NOTE E - AD VALOREM TAX (CONTINUED)**

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

The number of mills levied for operations on the 1999 and 1998 tax rolls were 4.69.

**NOTE F - INTERGOVERNMENTAL REVENUES - FEMA**

In the prior year, the District received \$117,527 from the State Office of Emergency Preparedness relating to a FEMA grant for Hurricane Georges (FEMA-1246-DR-LA). During 99/00, the State realized it had made an error in calculating the amount due the District. As such, the District refunded \$108,223 during 99/00. The total amount approved by FEMA is \$47,430. This amount is shown as deferred revenue at June 30, 2000. Also, at June 30, 2000, the State owes the District \$38,126 on this project. This amount is set up as a Due from State on the balance sheet.

**NOTE G - 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, 2000.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2000**

**NOTE G - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

3. Breakwaters North of Grand Isle - Planning and Construction

In May 2000, 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 will provide \$700,000 from its State Capital Outlay allocation to the District for design and construction of breakwaters on the north side of the island. No activity has taken place on this project as of June 30, 2000.

**NOTE H - RETIREMENT SYSTEM**

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 \$1,341. The District does not guarantee the benefits granted by the Social Security System.

**NOTE I - PRIOR PERIOD ADJUSTMENT**

Fund balance at the beginning of the year has been restated to reflect the correction of an error in recognizing the revenue of the FEMA grant prior to its being earned. As stated in Note F, the State inadvertently sent the District \$117,527 in FEMA money relating to Hurricane Georges during the prior year. The prior period adjustment reflects what fund balance would have been had this amount been deferred instead of recognized as revenue. The net effect of the prior period adjustment is to decrease beginning fund balance by \$117,527 and to increase beginning deferred revenue by \$117,527. The net effect on the excess (deficiency) of revenue over expenditures in the prior year was a decrease of \$117,527.

## **SUPPLEMENTAL INFORMATION**

**GRAND ISLE INDEPENDENT LEVEE DISTRICT  
STATE OF LOUISIANA  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
For the Year Ended June 30, 2000**

<b>Board Member</b>	<b>Number of Meetings</b>	<b>Amount Paid</b>
Wayne Estay	29	\$ 2,175
Robert "Bobby" Santini	36	2,700
Total		<u>\$ 4,875</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, 2000**

<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  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA NUMBER	NUMBER	GRANT PERIOD FROM TO	GRANT AMOUNT	ACCRUED (DEFERRED) REVENUE JUNE 30, 1999 (AS RESTATED)	CASH RECEIVED		ACCRUED (DEFERRED) REVENUE JUNE 30, 2000	TOTAL REVENUE RECOGNIZED	TOTAL EXPENDITURES
						GRANT	OTHER			
FEDERAL EMERGENCY MANAGEMENT AGENCY										
Passed through State Department of Military Affairs - Office of Emergency Preparedness:										
Disaster Assistance - Hurricane Georges/France	83.516	FEMA-1246-DR-LA	Project Completion	\$ 51,000 (1)	(117,527)	(108,223)	0	(9,304)	0	0
TOTAL FEDERAL EMERGENCY MANAGEMENT					(117,527)	(108,223)	0	(9,304)	0	0
TOTAL FEDERAL ASSISTANCE					\$ (117,527)	(108,223)	\$ 0	(9,304)	0	\$ 0

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NOTES TO SCHEDULE  
 This schedule was prepared on the accrual basis of accounting and covers the period from July 1, 1999 to June 30, 2000.

(1) Amount represents federal share only. Town is required to provide a 10 percent match. The State also puts up a portion for administrative costs (in this case totaling \$7,650).

(2) Prior year was restated to reflect deferral of \$117,527 received from FEMA in error in prior year.

(3) Amount represents refund of grant money received in prior year. State inadvertently sent wrong amount to Grand Isle Levee District (GILD). GILD refunded \$108,223 to the State during FY 99/00. \$(9,304) net federal money accrued(deferred) is made up of \$38,126 due from State and \$47,430 deferred revenue.

## **COMPLIANCE SECTION**

**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 general purpose financial statements 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, 2000, and have issued my report thereon dated December 22, 2000. I conducted my audit in accordance with generally accepted auditing standards 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 certain matters 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

Condition - I noted that the size of the Board's operations are too small to provide for an adequate segregation of duties. The Board'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 reports on a monthly basis, and (4) the use and reconciliation of prenumbered 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.

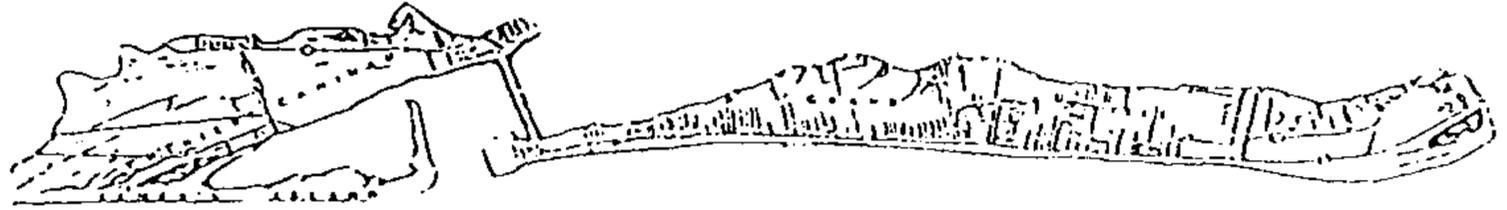
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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, management, all applicable Federal and State agencies, and the Legislative Auditor of the State of Louisiana and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

*Paul C. Rivero, CPA*

December 22, 2000

# GRAND ISLE INDEPENDENT LEVEE DISTRICT



M. J. "MIKE" FOSTER, JR.  
Governor

Commissioners:  
DAVID CAMARDELLE  
ROBERT "BOBBY" SANTINI  
WAYNE ESTAY

## CORRECTIVE ACTION PLAN

December 22, 2000

Dr. Daniel G. Kyle, CPA  
Legislative Auditor's Office  
1600 North Third Street  
PO Box 94397  
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

The Grand Isle Independent Levee District respectfully submits the following corrective action plan for the fiscal year ended June 30, 2000.

RECEIVED  
LEGISLATIVE AUDITOR  
2001 JAN - 3 AM 10:48

### Name and Address of Auditing Firm:

Paul C. Rivera, CPA, 2612 Crestway Road, Marrero, LA 70072

### Audit Period:

July 1, 1999 to June 30, 2000

The findings and conditions noted during the audit are discussed below. The findings and conditions are numbered consistently with the numbers assigned in the schedule.

## FINDINGS - FINANCIAL STATEMENT AUDIT

### Reportable Conditions

Condition: Small size of District does not allow for a proper segregation of duties.

Recommendation: The District Commissioners should be cognizant of the lack of segregation of duties and should monitor activity closely. Cost/benefit is not favorable for hiring additional personnel.

Response: We concur with this comment and will continue monitoring the situation.

**FINDINGS - FEDERAL AWARD PROGRAM AUDITS**

None were noted.

If you have any questions regarding this plan, please do not hesitate to contact me at (504) 787-3955.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Camardelle', written in a cursive style.

David Camardelle, President  
Grand Isle Independent Levee District