

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

E. Larry Sikes, CPA
C. Burton Kolder, CPA
Danny P. Frederick, CPA
Chris Rainey, CPA
Clayton E. Darnall, CPA
Eugene H. Darnall, III, CPA
Russell F. Champagne, CPA
Victor R. Slaven, CPA

RETIRED
Eugene H. Darnall, CPA 1990

1201 BRASHEAR AVENUE
GUARANTY BANK BUILDING, SUITE 301
P. O. BOX 2109
MORGAN CITY, LOUISIANA 70381
(504) 384-6264
FAX (504) 384-8140

Offices:

125 Rue Beauregard
Lafayette, LA 70502
(318) 232-3312

1231 E. Laurel Avenue
Eunice, LA 70535
(318) 457-4146

408 W. Collon Street
Ville Platte, LA 70586
(318) 363-2792

113 East Bridge Street
Breaux Bridge, LA 70517
(318) 332-4020

404 Pere Megret
Abbeville, LA 70510
(318) 893-5470

Lloyd F. Dore, Jr., CPA
Paula D. Bihm, CPA
Christine L. Cousin, CPA
Stephanie M. Higginbotham, CPA
Conrad O. Chapman, CPA
Kathleen T. Darnall, CPA
Jennifer S. Ziegler, CPA
P. Troy Courville, CPA
Stephen R. Dischler, MBA, CPA
Douglas D. Marcantel, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Sub-Gravity Drainage District No. 1 of
Gravity Drainage District No. 2
of the Parish of St. Mary,
State of Louisiana
Bayou Vista, Louisiana

We have audited the general purpose financial statements of the Sub-Gravity Drainage District No. 1 of Gravity Drainage District No. 2 of the Parish of St. Mary, State of Louisiana, a component unit of St. Mary Parish Council, as of and for the year ended September 30, 1996, and have issued our report thereon dated November 22, 1996.

We have conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The Board of Commissioners of the Sub-Gravity Drainage District No. 1 of Gravity Drainage District No. 2 of the Parish of St. Mary, State of Louisiana are responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

RECEIVED
LEGISLATIVE AUDITOR
97 JAN 17 AM 8:53

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK In FILE)

**SUB-GRAVITY DRAINAGE DISTRICT NO. 1 of
GRAVITY DRAINAGE DISTRICT NO. 2
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA**

FINANCIAL STATEMENTS

Year Ended September 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 JAN 22 1997

GENERAL PURPOSE
FINANCIAL STATEMENTS

SUB-GRAVITY DRAINAGE DISTRICT NO. 1 OF
GRAVITY DRAINAGE DISTRICT NO. 2
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

Bank balances	\$207,086
	<hr style="width: 100%;"/>
Federal deposit insurance	\$101,110
Pledged securities (Category 2)	<u>108,722</u>
Total	<u>\$209,832</u>
	<hr style="width: 100%;"/>
Excess of federal insurance and securities pledged	\$ 2,746
	<hr style="width: 100%;"/>

Pledged securities in Category 2 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent in the District's name.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property within the District's taxing area as of January 1 of each year. Taxes are levied by the District in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The St. Mary Parish Sheriff bills and collects the District's property taxes using the assessed values determined by the tax assessor of St. Mary Parish. District property tax revenues are budgeted in the year billed.

For the year ended September 30, 1996, the District's taxes were levied at the rate of 8.36 mills. Total ad valorem taxes levied were \$62,577. There were no taxes receivable at September 30, 1996.

(4) Fixed Assets

Activity in the general fixed assets account group for the year ended September 30, 1996, was as follows:

	Balance <u>October 1, 1995</u>	Additions	Deletions	Balance <u>September 30, 1996</u>
Equipment	\$165,720	\$ -	\$ -	\$165,720
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

SUB-GRAVITY DRAINAGE DISTRICT NO. 1 OF
GRAVITY DRAINAGE DISTRICT NO. 2
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

H. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District as an extension of formal budgetary integration in the fund.

I. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 1996, the District has cash and interest-bearing deposits (book balances) totaling \$207,086 as follows:

Demand deposits	\$ 1,110
Time deposits	<u>205,976</u>
Total	\$207,086 =====

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 1996, are as follows:

SUB-GRAVITY DRAINAGE DISTRICT NO. 1 OF
GRAVITY DRAINAGE DISTRICT NO. 2
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

The district has the following fund type and account group:

Governmental Fund -

General Fund

General fund is used to account for the district's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "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 pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Account Group -

General Fixed Assets

The general fixed asset account group is used to account for fixed assets not used in proprietary fund operations.

E. Budgetary Practices

Annually, the District adopts a budget for the General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Formal budgetary integration is employed as a management control device during the year. The budget is prepared on the modified accrual basis. Budget amounts included in the accompanying financial statements reflect originally adopted budget amounts and all subsequent amendments. All budgetary appropriations lapse at the end of each fiscal year.

F. Vacation and Sick Leave

The District has no existing written policy on vacation and sick leave. These are recognized as expenditures when paid.

G. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market. The interest-bearing deposits are time deposits which are fully secured through the pledge of bank-owned securities or the Federal Deposit Insurance Corporation (FDIC) insurance coverages.

SUB-GRAVITY DRAINAGE DISTRICT NO. 1 of
GRAVITY DRAINAGE DISTRICT NO. 2
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Sub-Gravity Drainage District No. 1 of Gravity Drainage District No. 2, which is a component unit of the St. Mary Parish Council, was created by Ordinance No. 623 on July 24, 1957. The purpose of the District is the draining and reclaiming of the undrained or partially drained marsh, swamp, and overflowed lands in the area specified in its creationism ordinance.

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the District executive and legislative branches (the Board of Commissioners). Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. The District is a component unit of the Parish of St. Mary.

B. Fund Accounting

The accounts of the District are organized on a fund basis (General Fund), which is considered a portion of the fund structure of the St. Mary Parish Council. The operation of the fund is accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures.

C. Fixed Assets

The fixed assets used in the governmental fund type operations of the District are accounted for in the General Fixed Assets Account Group, rather than in the General Fund. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

The account group is not a "fund". It is concerned only with the measurement of financial position and is not involved with measurement of results of operations.

D. Basis of Accounting

The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

SUB-GRAVITY DRAINAGE DISTRICT NO. 1 of
GRAVITY DRAINAGE DISTRICT NO. 2
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund Type - General Fund
Budget (GAAP Basis) and Actual
Year Ended September 30, 1996
With Comparative Actual Amounts for Year Ended September 30, 1995

	1996		Variance - Favorable	1995
	Budget	Actual	(Unfavorable)	Actual
Revenues:				
Taxes - ad valorem	\$ 62,583	\$ 62,577	\$ (6)	\$ 51,872
Intergovernmental	12,215	12,218	3	10,317
Miscellaneous	<u>3,500</u>	<u>6,731</u>	<u>3,231</u>	<u>5,773</u>
Total revenues	<u>78,298</u>	<u>81,526</u>	<u>3,228</u>	<u>67,962</u>
Expenditures:				
Current -				
Advertising	500	541	(41)	568
Contract labor	300	465	(165)	865
Electrical	4,500	6,523	(2,023)	6,391
Insurance	5,500	5,589	(89)	5,848
Professional fees	2,300	2,450	(150)	2,750
Maintenance & repairs	3,500	2,003	1,497	12,397
Maintenance system	1,500	496	1,004	6,600
Miscellaneous	-	(1)	1	485
Natural gas	2,500	2,952	(452)	2,752
Office supplies	125	126	(1)	124
Payroll taxes	600	606	(6)	582
Pension fund	2,002	2,002	-	1,648
Per diem - board	2,580	2,400	180	2,760
Salaries and wages	7,620	7,620	-	7,320
Supplies	1,000	935	65	1,136
Truck	1,950	1,950	-	1,350
Telephone	<u>600</u>	<u>484</u>	<u>116</u>	<u>683</u>
Total expenditures	<u>37,077</u>	<u>37,141</u>	<u>(64)</u>	<u>54,259</u>
Excess of revenues over expenditures	41,221	44,385	3,164	13,703
Fund balance, beginning	<u>161,810</u>	<u>161,810</u>	<u>-</u>	<u>148,107</u>
Fund balance, ending	<u>\$203,031</u>	<u>\$206,195</u>	<u>\$3,164</u>	<u>\$161,810</u>

The accompanying notes are an integral part of this statement.

This report is intended for the information of the District's Board of Commissioners. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes, Kolder, Frederick & Rainey
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
November 22, 1996

SUB-GRAVITY DRAINAGE DISTRICT NO. 1 of
GRAVITY DRAINAGE DISTRICT NO. 2
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Combined Balance Sheet - Governmental Fund Type and Account Group
September 30, 1996

	<u>Governmental Fund Type General Fund</u>	<u>Account Group General Fixed Assets</u>	<u>Totals (Memorandum Only)</u>	
			<u>1996</u>	<u>1995</u>
ASSETS				
Cash	\$ 1,110	\$ -	\$ 1,110	\$ 1,609
Interest-bearing deposits	205,976	-	205,976	161,307
Accrued interest receivable	640	-	640	585
Refundable deposits	50	-	50	50
Equipment	<u>-</u>	<u>165,720</u>	<u>165,720</u>	<u>165,720</u>
Total assets	<u>\$207,776</u>	<u>\$165,720</u>	<u>\$373,496</u>	<u>\$329,271</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 1,453	\$ -	\$ 1,453	\$ 1,627
Accrued liabilities	<u>128</u>	<u>-</u>	<u>128</u>	<u>114</u>
Total liabilities	<u>1,581</u>	<u>-</u>	<u>1,581</u>	<u>1,741</u>
Fund equity:				
Investment in general fixed assets	<u>-</u>	<u>165,720</u>	<u>165,720</u>	<u>165,720</u>
Fund balance - unreserved, undesignated	<u>206,195</u>	<u>-</u>	<u>206,195</u>	<u>161,810</u>
Total fund equity	<u>206,195</u>	<u>165,720</u>	<u>371,915</u>	<u>327,530</u>
Total liabilities and fund equity	<u>\$207,776</u>	<u>\$165,720</u>	<u>\$373,496</u>	<u>\$329,271</u>

The accompanying notes are an integral part of this statement.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
GENERAL PURPOSE FINANCIAL STATEMENTS	
Combined balance sheet - governmental fund type and account group	4
Statement of revenues, expenditures, and changes in fund balance - governmental fund type - general fund - budget (GAAP basis) and actual	5
Notes to financial statements	6-10
SUPPLEMENTAL INFORMATION	
INTERNAL CONTROL AND COMPLIANCE REPORTS	
Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	13-15
Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	16

SUPPLEMENTAL
INFORMATION

INTERNAL CONTROL
AND
COMPLIANCE REPORTS

SUB-GRAVITY DRAINAGE DISTRICT NO. 1 OF
GRAVITY DRAINAGE DISTRICT NO. 2
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to Financial Statements (Continued)

(5) Compensation Paid Board Members

For the year ended September 30, 1996, the following individuals served on the Board of Commissioners and received per diem allowance as follows:

Donald Lantz	\$ 600
Jerome Bertrand	540
Gary Melancon, Sr.	300
Albert Tidwell	600
Joseph Keller	360
Total	\$2,400

(6) Retirement Commitments

The employees are members of the following retirement system:

<u>Retirement System</u>	<u>Contribution Rate</u>	
	<u>Employee</u>	<u>District</u>
Social Security System	7.65%	7.65%

The District's contribution to the above plan totaled approximately \$583 for the year ended September 30, 1996. This amount was paid to the retirement system which is responsible for administering the plan and disbursing benefits.

(7) Litigation and Claims

There are no pending or threatened litigation involving the District or any unasserted claims which should be disclosed at September 30, 1996.

In planning and performing our audit of the general purpose financial statements of the Sub-Gravity Drainage District No. 1 of Gravity, Drainage District No. 2 of the Parish of St. Mary, State of Louisiana for the year ended September 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted one certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the District did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

E. Larry Sikes, CPA
C. Burlon Kolder, CPA
Danny P. Frederick, CPA
Chris Rainey, CPA
Clayton E. Darnall, CPA
Eugene H. Darnall, III, CPA
Russell F. Champagne, CPA
Victor B. Slaven, CPA

RETIRED
Eugene H. Darnall, CPA 1990

1201 BRASHEAR AVENUE
GUARANTY BANK BUILDING, SUITE 301
P. O. BOX 2109
MORGAN CITY, LOUISIANA 70381
(504) 384-6264
FAX (504) 384-8140

Offices:

125 Rue Beauregard
Lafayette, LA 70502
(318) 232-3312

1231 E. Laurel Avenue
Eunice, LA 70536
(318) 457-4148

408 W. Collon Street
Ville Platte, LA 70586
(318) 363-2792

113 East Bridge Street
Breaux Bridge, LA 70517
(318) 332-4020

404 Pere Meuret
Abbeville, LA 70510
(318) 893-5470

Lloyd F. Dore, Jr., CPA
Paula D. Bihm, CPA
Christine L. Cousin, CPA
Stephanie M. Higginbotham, CPA
Conrad O. Chapman, CPA
Kathleen T. Darnall, CPA
Jennifer S. Ziegler, CPA
P. Troy Courville, CPA
Stephen R. Dischler, MBA, CPA
Douglas D. Marcante, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Sub-Gravity Drainage District No. 1 of
Gravity Drainage District No. 2
of the Parish of St. Mary,
State of Louisiana
Bayou Vista, Louisiana

We have audited the general purpose financial statements of the Sub-Gravity Drainage District No. 1 of Gravity Drainage District No. 2 of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 1996, and have issued our report thereon dated November 22, 1996.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws and regulations, applicable to the Sub-Gravity Drainage District No. 1 of Gravity Drainage District No. 2 of the Parish of St. Mary, State of Louisiana is the responsibility of the Board of Commissioners. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws and regulations. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the District's Board of Commissioners. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes, Kolder, Frederick & Rainey

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
November 22, 1996

MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Sub-Gravity Drainage District No. 1 of Gravity Drainage District No. 2 of the Parish of St. Mary, State of Louisiana.

Darnall, Sikes, Kolder, Frederick & Rainey

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
November 22, 1996

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

E. Larry Sikes, CPA
C. Burton Kolder, CPA
Danny P. Frederick, CPA
Chris Rainey, CPA
Clayton E. Darnall, CPA
Eugene H. Darnall, III, CPA
Russell F. Champagne, CPA
Victor R. Slaven, CPA

RETIRED
Eugene H. Darnall, CPA 1990

1201 BRASHEAR AVENUE
GUARANTY BANK BUILDING, SUITE 301
P. O. BOX 2109
MORGAN CITY, LOUISIANA 70381
(504) 384-8264
FAX (504) 384-8140

Offices:

125 Rue Beauregard
Lafayette, LA 70502
(318) 232-3312

1231 E. Laurel Avenue
Eunice, LA 70535
(318) 457-4146

408 W. Cotton Street
Ville Platte, LA 70586
(318) 363-2792

113 East Bridge Street
Breaux Bridge, LA 70517
(318) 332-4020

404 Pere Megret
Abbeville, LA 70510
(318) 893-5470

Lloyd F. Dore, Jr., CPA
Paula D. Bihm, CPA
Christine L. Cousin, CPA
Stephanie M. Higginbotham, CPA
Conrad O. Chapman, CPA
Kathleen T. Darnell, CPA
Jennifer S. Ziegler, CPA
P. Troy Courville, CPA
Stephen B. Dischler, MBA, CPA
Douglas D. Marcantel, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Sub-Gravity Drainage District No. 1 of
Gravity Drainage District No. 2
of the Parish of St. Mary,
State of Louisiana
Bayou Vista, Louisiana

We have audited the accompanying general purpose financial statements of the Sub-Gravity Drainage District No. 1 of Gravity Drainage District No. 2 of the Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Council, as of September 30, 1996, and for the year then ended. These general purpose financial statements are the responsibility of the District's Board of Commissioners. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our 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 we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Sub-Gravity Drainage District No. 1 of Gravity Drainage District No. 2 of the Parish of St. Mary, State of Louisiana, as of September 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 22, 1996 on our consideration of the District's internal control structure and a report dated November 22, 1996 on its compliance with laws and regulations.