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**SUNSET DRAINAGE DISTRICT
OF ST. CHARLES PARISH**
ST. CHARLES PARISH COUNCIL
Paradis, Louisiana

*General Purpose Financial Statements and
Independent Auditor's Report
As of and for the Year Ended December 31, 1967
With Supplemental Information Schedules*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, 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 MAY 21 1968

L.S. KEARNS, CO.

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**JIMMY DEMAREST DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
Paradis, Louisiana**

**General Purpose Financial Statements and
Independent Auditor's Report
As of and for the Year Ended December 31, 1997
with Supplemental Information Schedule**

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INDEPENDENT AUDITOR'S REPORT

**BOARD OF COMMISSIONERS
SUNSET DRAINAGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL,
Parish, Louisiana**

We have audited the accompanying general purpose financial statements of the Sunset Drainage District of St. Charles Parish, a component unit of the St. Charles Parish Council, as of and for the year ended December 31, 1997, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Sunset Drainage District of St. Charles Parish. Our responsibility is to express an opinion on these 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 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 component unit financial statements referred to above present fairly, in all material respects, the financial position of the Sunset Drainage District of St. Charles Parish as of December 31, 1997, and the results of operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedule 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 Sunset Drainage District of St. Charles Parish. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Governmental Auditing Standards, we have also issued a report dated May 6, 1998 on our consideration of the Sunset Drainage District's internal control structure and a report dated May 6, 1998 on its compliance with laws and regulations.



May 6, 1998

Process Acknowledged
Legislative Auditor

By 

**SUNSET DRAINAGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
Ferdin, Louisiana
ALL FUND TYPES & ACCOUNT GROUPS**

Statement A

Balance Sheet
December 31, 1997

	GOVERNMENTAL FUND		ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	GENERAL LONG-TERM OBLIGATIONS	
ASSETS AND OTHER DEBITS					
Assets					
Cash	\$ 85,000				\$ 85,000
Investments	135,571				135,571
Receivables:					
Maintenance taxes	60,751				60,751
Equipment		\$ 613,461			613,461
Buildings		14,101			14,101
Real estate & improvements		1,130,560			1,130,560
Other debits					
Amount to be provided for retirement of long-term obligations			\$ 8,180		8,180
TOTAL ASSETS AND OTHER DEBITS	\$ 282,323	\$1,766,121	\$ 8,180		\$2,056,624
LIABILITIES, EQUITY AND OTHER CREDITS					
Liabilities					
Accounts payable	\$ 1,200				\$ 1,200
Due to employees	72				72
Payroll taxes payable	492				492
Compensated absences payable			\$ 7,999		7,999
Direct and incremental salary related payments			681		681
Total liabilities	1,851		8,180		10,711
Equity and other credits					
Investment in general fixed assets		\$1,766,121			1,766,121
Fund balances:					
Unreserved-undesignated	280,310				280,310
Total equity and other credits	280,310	1,766,121			2,046,431
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 282,323	\$1,766,121	\$ 8,180		\$2,056,624

The accompanying notes are an integral part of this statement.

SUNSET DRAINAGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
 Paradise, Louisiana
GOVERNMENTAL FUND - GENERAL FUND

Statement B

Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget (ORAP Basis) and Actual
For the Year Ended December 31, 1997

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes:			
Maintenance taxes	\$ 43,000	\$ 72,342	\$ 29,342
Other:			
oil & gas royalties	48,000	52,000	4,000
Interest	8,000	10,733	4,733
Capital gains	0	000	000
Other	1,000	10,000	9,000
Grants:			
St. Charles parish Council	0	240,000	240,000
Total revenues	<u>90,000</u>	<u>385,075</u>	<u>295,815</u>
EXPENDITURES			
Current:			
Advertising	400	400	000
Contract labor	30,000	39,818	1,484
Equipment rental	0	810	810
Equipment repairs	28,000	26,000	(1,000)
Fuel	50,000	33,300	16,700
insurance	25,000	29,491	4,491
Maintenance tax expenditures	4,000	11,543	7,543
Material & supplies	38,000	18,300	(19,700)
miscellaneous	4,000	3,494	506
office supplies	0	420	420
Per diem	3,000	3,000	000
Professional services	3,000	3,004	4,004
Salaries	80,000	88,127	8,127
Secretary/Treasurer	0,000	0,000	(0,000)
service charges	0	10	(10)
Taxes - payroll	0	6,743	6,743
Telephones	1,000	700	271
Utilities	3,500	3,000	1,480
Capital outlay:			
Purchases of equipment	178,000	145,300	32,700
Total expenditures	<u>424,000</u>	<u>389,900</u>	<u>34,100</u>
DEFICIT OF REVENUES UNDER EXPENDITURES	(338,000)	(38,225)	\$ 300,000
FUND BALANCE AT BEGINNING OF YEAR	None	285,550	
FUND BALANCE AT END OF YEAR	\$ None	\$ 280,325	

The accompanying notes are an integral part of this statement.

**SUNSET DRAINAGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
Marrion, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1997**

INTRODUCTION

The Sunset Drainage District of St. Charles Parish was established May 16, 1924. It is comprised of a board of control consisting of five members appointed by the St. Charles Parish Council. Sunset Drainage District funds are dedicated to operating and maintaining drainage facilities within the district boundaries. Financing is provided primarily by maintenance taxes, mineral royalties, and interest on investments. For the years ended December 31, 1996 and 1997 financing was also provided by a grant from the St. Charles Parish Council. At year end the board employed three employees.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation

The accompanying general purpose financial statements of the Sunset Drainage 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.

B. Reporting entity

As the governing authority of the parish, for reporting purposes, the St. Charles Parish Council is the financial reporting entity for St. Charles parish. The financial reporting entity consists of (a) the primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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 Statement No. 14 established criteria for determining which component units should be considered part of the St. Charles Parish Council 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:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the parish council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish council.

OSBERT BRADSHAW DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1997

1. Organizations for which the parish council does not appoint a voting majority but are financially dependent on the parish council.
2. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish council appoints the organizations governing body and because there is the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish council, the district was determined to be a component unit of the St. Charles Parish Council, 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 parish council, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

C. 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 governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group 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 only fund of the district is classified as a governmental fund. Governmental funds account for the district's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The governmental fund of the district includes:

General Fund - the general operating fund of the district that accounts for all financial resources, except those required to be accounted for in other funds.

This fund is reported as a special revenue fund in the general purpose financial statements of the St. Charles Parish Council.

**SUNSHINE DRAINAGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COURSE
Paradis, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1997**

D. Basis of accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement presents increases and decreases in net current assets. The district's records are maintained on the cash basis of accounting. However, the general fund reported in the financial statements has been converted to the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

Revenues -

Maintenance taxes are recorded in the year the taxes are assessed. Maintenance taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Interest income on time deposits is recorded when earned.

All other revenue are recorded when received.

Expenditures -

Compensated absences are recognized as expenditures when leave is actually taken or when employees (or their heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. Budgets

The district adopted a budget for the General Fund for the year ended December 31, 1997 as required by Louisiana Revised Statutes 19:1303-1305. The budget was adopted on September 12, 1996 at the district's regular monthly meeting, and was amended July 10, 1997. Budget integration was employed as a management control device during the year. Unexpended appropriations lapse at year end, and must be reappropriated in the next year's budget to be expended. The board of commissioners reserves all authority to make changes to the budget. When actual revenues fail to meet budgeted revenues by five per cent or more and/or actual expenditures exceed budgeted expenditures by five per cent or more, a budget amendment to reflect such change is adopted by the District.

SUNSET DRAINAGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1997

Subjected amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. The district did not budget beginning or ending fund balances for the calendar year ended December 31, 1997.

F. Encumbrances

The District does not use encumbrance accounting.

G. Cash and cash equivalents, and investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, money market accounts, and time deposits. Investments include amounts in obligations of the United States of America. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the board may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

H. Inventories

Physical inventories consist of expendible supplies held for consumption. Because inventories are expended within one operating cycle they are recorded as expenditures when paid for and are not recorded as an inventory asset.

I. Fixed assets

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest cost incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical costs or estimated cost if historical cost is not available.

J. Compensated absences

The District has the following policy relating to vacation and sick leave:

Employees of the District earn from 10 to 18 days of vacation leave each year, depending on their length of service. Unused vacation leave may not be accumulated. Employees earn 4 days of sick leave each year, depending on their length of service. Sick leave may be accumulated to a maximum of 18 days. Upon retirement

**GUNNET DRAINAGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
Paradis, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1997**

or death, unused accumulated sick leave is paid to the employee or to the employee's estate at the employee's current rate of pay.

In accordance with GMS statement No. 26, the cost of sick leave is accrued only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

K. Long-term obligations

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental fund when due.

L. Fund equity

Reserves - Reserves represent those portions of fund equity not appropriate for expenditures or legally segregated for a specific future use.

Designated fund balance - Designated fund balances represent tentative plans for future use of financial resources.

M. Total columns on statement

The total columns on the 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 or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE 2. LEVIED TAXES

Maintenance taxes attach as enforceable liens on property as of January 1 of each year. Taxes are levied by the Parish of St. Charles in November and are actually billed to the taxpayers in December. Billed taxes become delinquent on January 1 of the following year.

The Gunnet Drainage District of St. Charles Parish is authorized under L.S.A. R.S. 38:1674.14 to levy an annual acreage tax in an amount not to exceed \$20.00 per acre on each acre of land within the boundaries of the district for the purpose of improving, operating and maintaining drainage facilities. For the year ending December 31, 1997 the district levied an acreage tax of \$7.00 per acre of land. The tax roll is prepared by the Assessor's office. The taxes are collected and remitted by the

**SUNSET DRAINAGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
Paradis, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1997**

Tax Collector. Maintenance taxes are recorded at the total amount assessed plus prior year taxes collected during the current year. Prior to remitting the taxes, the Tax Collector deducts an amount for the Assessor's office pension fund and deducts 1% commission on collected taxes charged by the Tax Collector. In 1997 the expenditure for the pension fund was \$1,418 and the 1% commission was \$18,128. These expenditures plus the net prior year taxes uncollected of \$8 are reported as Maintenance Tax Expenditures in the general fund.

The district records as a receivable the total maintenance taxes assessed for the year less charges by the Assessor and Tax Collector. An Allowance for Doubtful Accounts is not recorded by the district because the amount of uncollected taxes is immaterial and written off in the year following the year of assessment.

The total taxable acreage for 1997 was 18,328.59 acres.

The following are the principal taxpayers for the district:

Taxpayer	Total acreage assessed	Total tax assessed	Percentage of total acreage assessed
Texasco, Inc.	1,433	\$ 59,829	81.66%
Summers Margaret D., et alia	301	2,158	2.92%
Rivet, Easy Joseph	167	1,267	1.61%
Summers, Alvin C., M/W	153	1,073	1.48%
Lennon, Mary Ann Viel, et alia	143	980	1.36%
Summers, Elisabeth K. et alia 1/3	102	732	.98%
Total	5,332	\$ 68,289	98.21%

NOTE 3. GRANT

The St. Charles Parish Council subsidized the operations of the district in the amount of \$248,800 for fiscal year 1997 in equal quarterly installments. The Sunset Drainage District agreed to adequately maintain the drainage system within the boundaries of the district to protect the lives and property of the citizens residing within the district.

**SUMMIT DRAINAGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
Paradis, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1997**

NOTE 4. CASH AND CASH EQUIVALENTS

At December 31, 1997, the board has cash and cash equivalents (bank balances) totaling \$ 85,938, as follows:

Interest-bearing demand deposits	\$	69,859
Money market		16,079

Total	\$	85,938

These deposits are stated at cost, which approximates market. Under state law, these deposits (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. These securities must be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually agreeable to both parties. As December 31, 1997, the district has \$48,934 in deposits (collected bank balance) at First American Bank. These deposits are secured from risk by \$100,000 of federal deposit insurance. At December 31, 1997, the district has \$16,079 in deposits (collected balance) at Marquis Investments. These deposits are secured from risk by \$16,079 of insurance by the Securities Investor Protection Corporation (SIPC Category 1).

NOTE 5. INVESTMENTS

At December 31, 1997, the district has investments totaling \$135,371, as follows:

	Carrying Value	Market Value
	-----	-----
United States Treasury Notes	\$135,371	\$134,789
	-----	-----

These investments are stated on the balance sheet at amortized cost. Investments are limited by state law and the district's investment policy. The investments are in the name of the Summit Drainage District and are held in the dealers safekeeping account. Because the investments are in the district's name but are not held by the district, they are considered to be GASB Category 2 in applying the credit risk of GASB Codification Section 180.164.

**SURSET DRAINAGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
Ferdin, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1997**

NOTE 6. RECEIVABLES

The following is a summary of receivables at December 31, 1997:

Class of Receivable	General Fund
Ad valorem taxes	\$ 88,751
Total	\$ 88,751

NOTE 7. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 1997	Additions	Retirements	Balance December 31, 1997
Equipment	\$ 488,353	\$ 148,308	\$ -0-	\$ 636,661
Buildings	14,301	-0-	-0-	14,301
Real Estate & Improvements	1,138,560	-0-	-0-	1,138,560
Total	\$1,641,214	\$ 148,308	\$ -0-	\$1,789,522

NOTE 8. PENSION PLAN

All employees of the Surset Drainage District contribute to the Department of the Treasury, Division of Social Security. Contributions to the system are made by both the employees and the District as a percentage of salaries. For the year ended December 31, 1997, the District contributed \$6,743 (7.6% of salaries) to the system as its share of the contributions. Other than the special contributions required by the system and recorded as expenditures annually, Surset Drainage District does not guarantee any of the benefits granted by the retirement system.

NOTE 9. OTHER POSTRETIREMENT BENEFITS

The District provides no other postretirement benefits.

NOTE 10. LEASES

The District had no capital leases to be recorded as assets and obligations in the accompanying financial statements.

**SUNSET DRAINAGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
Terrebonne, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1997**

NOTE 11. COMPENSATED ABSENCES

At December 31, 1997, employees of the District have accumulated and vested \$8,180 of employee leave benefits, computed in accordance with GARS Codification Section 060. This amount is recorded in the general long-term obligations account group.

NOTE 12. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the year:

	Compensated Absences
Long-term obligations payable at January 1, 1997	\$7,260
Additions	920
Deductions	-0-

Long-term obligations payable at December 31, 1997	\$8,180

NOTE 13. LITIGATION AND CLAIMS

At December 31, 1997 the Sunset Drainage District is involved in litigation. The original Petition is Suit for Personal Injury, survival action, and for Wrongful Death, for reasonable damages, was filed on February 9, 1993 and is captioned "BETTY DUPRE AND OLIVER DUPRE, JR. Versus DEPARTMENT OF WILDLIFE AND FISHERIES, and THE STATE OF LOUISIANA, and THE PARISH OF ST. CHARLES, and WATSON, INC.". Said proceeding is filed in the Twenty-Ninth Judicial District Court in and for the Parish of St. Charles, State of Louisiana, Civil Action #40,799, Division "B". Sunset Drainage District of St. Charles Parish was made a defendant in these proceedings in the Third Amending Petition filed in 1998. In 1998 this legal matter was settled for \$3,000.00.

SUPPLEMENTAL INFORMATION

STUART DRAINAGE DISTRICT
 OF ST. CHARLES PARISH
 ST. CHARLES PARISH COUNCIL
 Parolia, Louisiana

Schedule 1

Schedule Compensation Paid Board Members
 For the Year Ended December 31, 1997

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 84 of the 1979 Session of the Louisiana Legislature. R.S. 38:1607 authorizes each commissioner to receive compensation of not more than sixty-five dollars per day including all actual expenses, while attending to the business of the district.

MEMBER	PER DIEB	NO. OF DAYS	TOTAL PER DIEB
-----	-----	-----	-----
Eric Matherne	\$ 65	13	\$ 845
Troy Gasper	65	13	760
Richard Dufrene	65	2	130
Curtis Matherne	65	13	845
Eugene Cunningham	65	12	780
Ronald Dufrene	65	7	455

Total			\$ 3,815

SEWER DRAINAGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
Paradis, Louisiana

Summary Schedule of Prior Audit Findings
As of and for the Year Ended December 31, 1997

Ref. No.

9812-01

Fiscal Year Finding Initially Occurred

All previous years

Description of Finding

Internal Control Material Weakness. As a material weakness (and reportable condition), the size of the Sewer Drainage District's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

Corrective Action Taken (Yes, No, Partially)

No

Planned Corrective Action/Partial Corrective Action Taken

None

Additional Explanation

This is a common reportable condition noted in audits of small governmental entities. The district's office does not employ enough people in its accounting department to segregate duties.

The reportable condition can not be remedied in a cost effective manner.

SEVENTH BEAUNEGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
Paradis, Louisiana

Summary Schedule of Prior Audit Findings
As of and for the Year Ended December 31, 1997

Ref. No.

9612-02

Fiscal Year Finding Initially Occurred

December 31, 1996

Description of Finding

Local Government Budget Act, LSA-RS 39:1301-14 requires the governing authority to amend its budget when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by five percent or more. The budget was amended once during the fiscal year ended December 31, 1996 to comply with this requirement. However, at year end the district's CPA made necessary adjusting and correcting entries which resulted in the actual expenditures exceeding the budgeted expenditures by more than five percent.

Corrective Action Taken (Yes, No, Partially)

Yes

Planned Corrective Action/Partial Corrective Action Taken

The district secretary/treasurer considered this possibility when projecting expenditures for the fiscal year ended December 31, 1997, and will consider this possibility when projecting expenditures for all future years.

Additional Explanation

The district was in compliance with LSA-RS 39:1301-14 for the fiscal year ended December 31, 1997.

STREET DEPARTMENT DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
Paradis, Louisiana

Summary Schedule of Prior Audit Findings
As of and for the Year Ended December 31, 1997

Ref. No.

96-02-01

Fiscal Year Finding Initially Occurred

December 31, 1996

Description of Finding

Fiscal Agency and Cash Management Laws. LSA-RS 39:1211-45 requires security for deposits equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits issued by any governmental agency insuring bank deposits which is organized under the laws of the United States. At December 31, 1996, the district had \$119,648 in deposits (collected bank balances) at First American Bank. These deposits were secured from risk by \$100,000 of federal deposit insurance. The remaining balance of \$19,648 was not secured by the pledge of securities.

Corrective Action Taken (Yes, No, Partially)

Yes

Planned Corrective Action/Partial Corrective Action Taken

The district's secretary/treasurer called the bank and requested enough security to secure the highest expected future deposits.

Additional Explanation

The district was in compliance with LSA-RS 39:1211-45 for the fiscal year ended December 31, 1997.

SUNSET DRAINAGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
Paradis, Louisiana

Corrective Action Plan for Current Year Findings
As of and for the Year Ended December 31, 1997

Ref. No.

9712-01

Description of Finding

Internal Control Material Weakness. As a material weakness (and reportable condition), the size of the Sunset Drainage District's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

Corrective Action Planned

No corrective action planned.

Name of Contact Person

L.J. Pichey, Secretary/Treasurer

Anticipated Completion Date

None

Additional Explanation

This is a common reportable condition noted in audits of small governmental entities. The district office does not employ enough people in its accounting department to segregate duties.

The reportable condition can not be remedied in a cost effective manner.



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

**BOARD OF COMMISSIONERS
SUNSET DRAINAGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL,
Fondre, Louisiana.**

We have audited the general purpose financial statements of the Sunset Drainage District of St. Charles Parish, a component unit of the St. Charles Parish Council, as of and for the year ended December 31, 1997, and have issued our report thereon dated May 6, 1998.

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 component unit financial statements are free of material misstatement.

The management of the Sunset Drainage District of St. Charles Parish is 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 cost 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 and irregularities may, nevertheless, occur and not be detected. Also, projections 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.

In planning and performing our audit of the general purpose financial statements of the Sunset Drainage District of St. Charles Parish as of and for the year ended December 31, 1997, 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 certain matters involving the internal control structure and its operation that we consider to be reportable conditions 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.

TIMOTHY S. KEARNS
MEMBER OF PUBLIC ACCOUNTANTS
 STATE OF LOUISIANA
 Chartered Public Accountant

MEMBER OF THE INSTITUTE OF
 CHARTERED ACCOUNTANTS OF THE STATE
 OF LOUISIANA
 Member's Identification

A material weakness is a reportable 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matters involving the internal control structure and its operation that we consider to be material weakness as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the Sunset Drainage District of St. Charles Parish for the year ended December 31, 1997.

As a material weakness (and reportable condition), the size of the Sunset Drainage District's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

This report is prepared for the information of the district's Board and those governments for which reporting is required. However, this report is a matter of public record, and its distribution is not limited.



May 6, 1998



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

**BOARD OF COMMISSIONERS
SUNSET DRAINAGE DISTRICT
OF ST. CHARLES PARISH
ST. CHARLES PARISH COUNCIL
Farratch, Louisiana**

We have audited the general purpose financial statements of the Sunset Drainage District of St. Charles Parish, a component unit of the St. Charles Parish Council, as of and for the year ended December 31, 1997, and have issued our report thereon dated May 6, 1998.

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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Sunset Drainage District of St. Charles Parish is the responsibility of the district's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the district's compliance with certain provisions of laws, regulations, contracts, and grants. 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 Board and those governments for which reporting is required. However, this report is a matter of public record and its distribution is not limited.



May 6, 1998