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**Consolidated Gravity Drainage District No. 2  
Of the Parish Of St. Mary  
State Of Louisiana**

**Report on Examination of  
Financial Statements**

**For the period November 12, 1997 (inception)  
to September 30, 1998**

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 ~~MAR 31 1999~~

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Consolidated Gravity Drainage District No. 2  
Parish of St. Mary  
Morgan City, Louisiana

We have audited the accompanying general purpose financial statements of Consolidated Gravity Drainage District No. 2, a component unit of the Parish of St. Mary, State of Louisiana, as of September 30, 1998 and for the period November 12, 1997 (inception) to September 30, 1998, as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Consolidated Gravity Drainage District No. 2 as of September 30, 1998, and the results of its operations for the period November 12, 1997 (inception) to September 30, 1998, in conformity with generally accepted accounting principles.

On November 12, 1997, the St. Mary Parish Council created "Consolidated Gravity Drainage District No. 2 of the Parish of St. Mary," a consolidated gravity drainage district which includes the boundaries of Gravity Drainage District No. 3 and Gravity Drainage District No. 5. During 1998, the Consolidated Gravity Drainage District No. 2 has passed propositions which will allow the District

to assess property taxes for the construction, operation, and maintenance of gravity and forced drainage works, the said taxes to be in lieu of and replace the levy of similar taxes previously authorized to be levied by Gravity Drainage District No. 3 and Gravity Drainage District No. 5.

Gravity Drainage District No. 3 and Gravity Drainage District No. 5 will transfer all assets and obligations to Consolidated Gravity Drainage District No. 2 in early 1999. At that time the consolidated drainage district will carryout all operations, maintenance, and construction from its own resources. As directed by the St. Mary Parish Council, Gravity Drainage District No. 3 and Gravity Drainage District No. 5 and their Board of Commissioners will cease to exist and function at that time.

In accordance with Government Auditing Standards, we have also issued a report dated March 15, 1999, on our consideration of Consolidated Gravity Drainage District No. 2's internal control structure and a report dated March 15, 1999, on its compliance with laws and regulations.

*LeBlanc and Carpenter*

Morgan City, Louisiana  
March 15, 1999

CONSOLIDATE GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA

Combined Balance Sheets - All Fund Types

September 30, 1998

	<u>Governmental Fund Types</u>	
	<u>General Oper/Maint</u>	<u>Debt Service</u>
<b>ASSETS</b>		
Cash	\$ 200	\$10,011
Investments	--	--
Property, plant and equipment	--	--
Amount available for debt retirement	--	--
Funds to be provided for retirement of general long-term debt	--	--
<b>TOTAL ASSETS</b>	<b>\$ 200</b>	<b>\$10,011</b>
	=====	=====
<b>LIABILITIES</b>		
General Obligation Bonds, Series 1998	\$ --	\$ --
<b>TOTAL LIABILITIES</b>	--	--
<b>FUND EQUITY</b>		
Investment in general fixed assets	--	--
Fund balances		
Reserved for debt service	--	10,011
Designated for capital projects	--	--
Unreserved and undesignated	200	--
<b>TOTAL FUND EQUITY</b>	<b>200</b>	<b>10,011</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 200</b>	<b>\$10,011</b>
	=====	=====

<u>Governmental Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	
<u>Capital Projects</u>			<u>1998</u>
\$ 6,278	\$ --	\$ --	\$ 16,489
5,241,938	--	--	5,241,938
--	--	--	--
--	--	10,011	10,011
<u>--</u>	<u>--</u>	<u>5,229,989</u>	<u>5,229,989</u>
\$5,248,216	\$ --	\$5,240,000	\$10,498,427
=====	=====	=====	=====
<u>\$ --</u>	<u>--</u>	<u>5,240,000</u>	<u>\$ 5,240,000</u>
<u>--</u>	<u>--</u>	<u>5,240,000</u>	<u>5,240,000</u>
--	--	--	--
--	--	--	10,011
5,248,216	--	--	5,248,216
<u>--</u>	<u>--</u>	<u>--</u>	<u>200</u>
<u>5,248,216</u>	<u>--</u>	<u>--</u>	<u>5,258,427</u>
\$5,248,216	\$ --	\$5,240,000	\$10,498,427
=====	=====	=====	=====

See Notes to the Financial Statements.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA

Combined Statement of Revenues, Expenditures  
and Changes in Fund Balance-  
All Governmental Fund Types

For the period November 12, 1997 (inception) to September 30, 1998

	Governmental Fund Types			Totals (Memorandum Only)
	General Oper/Maint	Debt Service	Capital Projects	
REVENUES				
Interest income	\$ --	\$ 8	\$ 18,219	\$ 18,227
TOTAL REVENUES	--	8	18,219	18,227
EXPENDITURES				
None	--	--	--	--
TOTAL EXPENDITURES	--	--	--	--
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	--	8	18,219	18,227
OTHER FINANCING SOURCES AND (USES)				
Proceeds of bond issue	--	--	5,240,000	5,240,000
Intergovernmental transfer	200	--	--	200
Transfer to Debt Service Fund	--	--	(10,003)	(10,003)
Transfer from Capital Projects Fund	--	10,003	--	10,003
NET OTHER FINANCING SOURCES AND (USES)	200	10,003	5,229,997	5,240,200
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	200	10,011	5,248,216	5,258,427
FUND BALANCE-BEGINNING OF PERIOD	0	0	0	0
FUND BALANCE-END OF PERIOD	\$ 200	\$10,011	\$5,248,216	\$5,258,427
	=====	=====	=====	=====

See Notes to the Financial Statements.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA

Notes to Financial Statements

September 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Gravity Drainage District No. 2 was created and established pursuant to the provisions of an ordinance adopted by the St. Mary Parish Council, all in accordance with the provisions of Part II, Chapter 7, Title 38 of the Louisiana Revised Statutes of 1950, as amended. The District is managed by five board of commissioners as appointed by the St. Mary Parish Council. The District has full power and authority to drain lands in the district by construction, maintenance and operation of gravity and/or forced drainage facilities, including drains, drainage canals, ditches, pumps and pumping plants, dikes, levees and other related works.

The financial statements of Consolidated Gravity Drainage District No. 2 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies and practices.

Reporting Entity

GASB Statement No. 14, Governmental Reporting Entity, establishes criteria for determining which organizations should be included in a governmental financial reporting entity. The focal point for defining the financial reporting entity is the primary government. The Consolidated Gravity Drainage District No. 2 is a component unit of the St. Mary Parish Council (primary government) and, as such, these financial reports may be included in the CAFR of the Council for the year ended December 31, 1998. The Consolidated Gravity Drainage District No. 2 has followed GASB-14 guidance to determine that there are no financial statements of other organizations that should be combined with their statements to form a financial reporting entity.

Fund Accounting

The District reports its financial position and results of operations by using funds and accounts groups. Each fund is a separate accounting entity with self-balancing accounts that include assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. An account group is a self-balancing set of accounts used for financial reporting purposes 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



NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

resources. The funds are grouped by fund type and classified into three broad fund categories: governmental, proprietary and fiduciary. There are two account groups. The funds and accounts groups presented in these financial statements are described below.

GOVERNMENTAL FUNDS are accounted for on a current financial resources measurement focus. The balance sheets generally contain only current assets and current liabilities. The reported fund balance (net current assets) is a measure of "available spendable resources." Governmental funds' operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) of net current assets during a period.

The OPERATION AND MAINTENANCE FUND is the general operating and administrative fund of the District. It accounts for all financial resources except those required to be accounted for in another fund or account group.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and drainage system improvements.

Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included in the balance sheet.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The MODIFIED ACCRUAL BASIS OF ACCOUNTING is used by all governmental funds types. Under the modified accrual basis of accounting, REVENUES ARE RECOGNIZED when susceptible to accrual (that is, 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. EXPENDITURES ARE RECORDED when the related FUND LIABILITY is incurred except that principal and interest on general long-term debt is recognized when due.

Cash and Investments

Cash includes amounts in demand deposit checking, interest bearing checking and certificates of deposit.

State statutes authorize the District to invest in direct obligations of the U.S. Treasury; obligations of any agency of the United States of America, provided the payment of principal and interest of such obligations is fully guaranteed by the United States; obligations of U.S. government instrumentalities which are federally sponsored; direct security repurchase agreements of obligations of the U.S. Treasury or U.S. government instrumentalities; time certificates of deposit or savings accounts; and mutual or trust fund institutions which have underlying investments consisting solely of and limited to securities of the United States government or its agencies.

Investments are stated at cost or amortized cost when applicable.

Bad Debts

Uncollectible amounts due for ad valorem taxes are recognized as bad debts in the year they are deemed uncollectible. The failure to utilize the allowance method to account for bad debts is not material to the financial statements.

Total Columns on the Combined Financial Statements

The total columns on the Combined Balance Sheet are captioned Memorandum Only to indicate it is 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 is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - AD VALOREM TAX ASSESSMENT

Consolidated Gravity Drainage District No. 2 has submitted a proposition that received voter approval in May 1998 that includes millage for operation and maintenance and millage for repayment of a substantial bond issue for capital improvement projects. This proposition received voter approval and 5.0 mills and 11.0 mills will be assessed for the operation and maintenance fund and the debt service fund respectively for 1998. The 16.0 mill assessed should provide approximately \$692,129 to be allocated for operation and maintenance and debt service.

NOTE B - AD VALOREM TAX ASSESSMENT (Continued)

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Mary Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation was completed for the list of January 1, 1996. Taxes are due and payable December 31 with interest being charged on payments after February 1.

The tax assessment for operation and maintenance of the drainage system of Gravity Drainage District No. 3 and Gravity Drainage District No. 5 were not assessed for the year 1998. The Board of Commissioners of these Districts determined they had the resources available to sustain their operations until early in 1999 when these Districts will transfer all assets and obligations to Consolidated Gravity Drainage District No. 2. As directed by the St. Mary Parish Council, these Districts and there Board of Commissioners will cease to exist and function at that time.

NOTE C - CASH AND INVESTMENTS

The Consolidated Gravity Drainage District No. 2 may invest in time deposits or certificate of deposits of state banks or savings and loan associations or savings banks organized under Louisiana law and national banks having principle offices in Louisiana. At present all of the District's cash and investments are in demand deposits and certificates of deposit. State law requires that deposits be fully collateralized at all times. Acceptable collateralization includes the \$100,000 FDIC/FSLIC insurance and the market value of securities purchased and pledged. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the District or with an unaffiliated bank or trust company for the account of the District.

The District's cash and investments are categorized to give an indication of the level of risk assumed by the District at September 30, 1998:

- Category 1 - Insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3 - Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name)

NOTE C - CASH AND INVESTMENTS (Continued)

Cash and investments stated at cost consist of the following:

	<u>Operation &amp; Maintenance</u>
Cash - Checking	\$ 205
Cash - Interest bearing checking	<u>5,258,223</u>
Total cash and investments	\$5,258,428 =====

Cash and investments categorized by level of risk are:

Amounts insured by the FDIC or collateralized with securities held by the District in its name	\$ 16,490
Amounts collateralized with securities held by the pledging financial institution's trust department in the District's name	5,241,938
Uncollateralized	<u>--</u>
Total cash and investments	\$5,258,428 =====

NOTE D - BOARD OF COMMISSIONERS AND PER DIEM ALLOWANCE

As of September 30, 1998, or during the year then ended, the following individuals served on the Board of Commissioners for Consolidated Gravity Drainage District No. 2 and were paid for meetings attended by either Gravity Drainage District No. 3 or Gravity Drainage District No. 5. These amounts were treated as operating expenses by each of these Districts.

	<u>Consolidate Gravity Drainage District No. 2</u>
<u>Name</u>	
Reynold Barousse	\$1,365
Carl Kraemer	975
Kevin Landry	975
Daniel Wilson	910
Harrel Wilson	<u>1,365</u>
	\$5,590 =====

NOTE E - GENERAL LONG-TERM DEBT

A summary of general long-term debt is as follows:

Description	Balance at 11-12-97	Issued	Retired	Balance at 9-30-98
\$5,240,000 of General Obligation Bonds, Series 1998, of Consolidated Gravity Drainage District No. 2 of the Parish of St. Mary, State of Louisiana	--	5,240,000	--	5,240,000
	\$ --	\$5,240,000	\$ --	\$5,240,000
	=====	=====	=====	=====

Following is a summary of bond principal maturities and interest requirements:

Payment Date	Principal Due	Interest Rate	Interest Due	Semi-Annual Debt Service	Calendar Year Debt Service
3-1-1999			128,611.25	128,611.25	
9-1-1999			128,611.25	128,611.25	257,222.50
3-1-2000	160,000	5.40%	128,611.25	288,611.25	
9-1-2000			124,291.25	124,291.25	412,902.50
3-1-2001	170,000	5.40%	124,291.25	294,291.25	
9-1-2001			119,701.25	119,701.25	413,992.50
3-1-2002	180,000	5.40%	119,701.25	299,701.25	
9-1-2002			114,841.25	114,841.25	414,542.50
3-1-2003	190,000	5.40%	114,841.25	304,841.25	
9-1-2003			109,711.25	109,711.25	414,552.50
3-1-2004	200,000	5.40%	109,711.25	309,711.25	
9-1-2004			104,311.25	104,311.25	414,022.50
3-1-2005	210,000	5.40%	104,311.25	314,311.25	
9-1-2005			98,641.25	98,641.25	412,952.50
3-1-2006	225,000	5.40%	98,641.25	323,641.25	
9-1-2006			92,566.25	92,566.25	416,207.50
3-1-2007	235,000	5.40%	92,566.25	327,566.25	
9-1-2007			86,221.25	86,221.25	413,787.50
3-1-2008	250,000	5.40%	86,221.25	336,221.25	
9-1-2008			79,471.25	79,471.25	415,692.50
3-1-2009	265,000	4.40%	79,471.25	344,471.25	
9-1-2009			73,641.25	73,641.25	418,112.50
3-1-2010	280,000	4.45%	73,641.25	353,641.25	
9-1-2010			67,411.25	67,411.25	421,052.50
3-1-2011	295,000	4.50%	67,411.25	362,411.25	
9-1-2011			60,773.75	60,773.75	423,185.00
3-1-2012	310,000	4.55%	60,773.75	370,773.75	
9-1-2012			53,721.25	53,721.25	424,495.00
3-1-2013	330,000	4.60%	53,721.25	383,721.25	
9-1-2013			46,131.25	46,131.25	429,852.50
3-1-2014	345,000	4.65%	46,131.25	391,131.25	
9-1-2014			38,110.00	38,110.00	429,241.25
3-1-2015	365,000	4.70%	38,110.00	403,110.00	
9-1-2015			29,532.50	29,532.50	432,642.50
3-1-2016	385,000	4.75%	29,532.50	414,532.50	
9-1-2016			20,388.75	20,388.75	434,921.25
3-1-2017	410,000	4.80%	20,388.75	430,388.75	
9-1-2017			10,548.75	10,548.75	440,937.50
3-1-2018	435,000	4.85%	10,548.75	445,548.75	
					445,548.75
TOTALS:	5,240,000		3,045,863.75	8,285,863.75	8,285,863.75

NOTE E - GENERAL LONG-TERM DEBT (Continued)

Bond indebtedness of the District is reflected in the General Long-Term Debt Account Group, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

There are a number of limitations and restrictions contained in the general obligation bond indentures. The District is in compliance with all significant limitations and restrictions at September 30, 1998.

NOTE F - FUNDS TO BE PROVIDED FOR INTEREST ACCRUING IN FUTURE PERIODS

Under normal conditions, bond issues are not retired prior to their maturity. Although for accounting purposes, interest coupons issued in connection with the sale of bond issues become obligations/expenditures of the District only with the passage of time, for all practical purposes they constitute fixed and determinable obligations which must be retired from dedicated revenues. The following table indicates unmatured interest coupons outstanding at September 30, 1998, and the amounts which can be presumed to be required in the future years for retirement of interest coupons which will become payable over the remaining life of the bond issue:

	General Obligation Bonds Series 1998, to be retired from ad valorem taxes and <u>earnings on investments</u>
	<u>1998</u>
Amount to be provided per financial statements	\$5,229,989
Unmatured interest coupons	<u>3,045,864</u>
TOTAL	\$8,275,853 =====

NOTE G - TRANSFER OF ACCRUED INTEREST

Proceeds from the sale of the General Obligation Bonds, 1998 Series (\$5,240,000) which were dated September 1, 1998, was delivered on September 15, 1998. Accrued interest from the date of the bonds to the date of delivery was \$10,003 and was deposited into the Capital Projects Fund. In accordance with the bond covenants, the accrued interest of \$10,003 was transferred to the Debt Service Fund for future payment of bond principal and interest.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2  
OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

PERIOD ENDED SEPTEMBER 30, 1998

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners  
Consolidated Gravity Drainage District No. 2  
Parish of St. Mary  
Morgan City, Louisiana

We have audited the general purpose financial statements of Consolidated Gravity Drainage District No. 2, as of and for the period November 12, 1997 (inception) to September 30, 1998, and have issued our report thereon dated March 15, 1999. We conducted our 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 Consolidated Gravity Drainage District No. 2's general purpose financial statements are free of material misstatement, we 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 our audit and, 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. There were no prior year findings or management letter comments.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Consolidated Gravity Drainage District No. 2's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions.



Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Consolidated Gravity Drainage District No. 2's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

Our examination disclosed that there is very little segregation of duties within the District's accounting function, particularly in the areas of cash receipts, bank reconciliations, cash disbursements, general ledger and journal entries. This weakness is due to the fact that the District employs only one person in the bookkeeping function. Due to the lack of segregation of duties, possible errors or irregularities could occur in the accounting records and not be detected. Understandably, due to the limited number of accounting personnel, the most ideal system of internal control or the most desirable accounting system may not be practicable. Also, the cost of additional employees might exceed any benefits gained. The management of the District is well aware of the loss of internal control that results with their limited staff and are constantly on watch for any problems that would arise.

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 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 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, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Board of Commissioners (management), St. Mary Parish Council, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*LeBlanc and Carpenter*

March 15, 1999  
Morgan City, Louisiana