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

ANNUAL FINANCIAL REPORT
Year Ended June 30, 1999

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Release Date 2-9-00

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Grand Isle Independent Levee District
Grand Isle, Louisiana

I have audited the accompanying general purpose financial statements of the Grand Isle Independent Levee District (the "District"), a component unit of the State of Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Grand Isle Independent Levee District as of June 30, 1999 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 15, 1999, on my consideration of the District's internal control over financial reporting and my tests of compliance with laws, regulations, contracts and grants.

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

The Year 2000 supplementary information on page 17 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and do not express an opinion on it. In addition, I do not provide assurance that the Grand Isle Independent Levee District is or will become year 2000 compliant, that the District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business are or will become year 2000 compliant.

Paul C. Binn, CPA

December 15, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

GRAND ISLE INDEPENDENT LEVEE DISTRICT

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999**

	<u>GOVERNMENTAL FUND TYPE</u>	<u>ACCOUNT GROUP</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
	<u>GENERAL</u>	<u>GENERAL FIXED ASSETS</u>	
ASSETS			
Cash and cash equivalents	\$ 262,093	\$ 0	\$ 262,093
Property, plant and equipment, net	0	20,902	20,902
TOTAL ASSETS	<u>\$ 262,093</u>	<u>\$ 20,902</u>	<u>\$ 282,995</u>
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities			
Accounts payable	\$ 0	\$ 0	\$ 0
Accrued salaries and related liabilities	0	0	0
TOTAL LIABILITIES	<u>0</u>	<u>0</u>	<u>0</u>
Equity and Other Credits			
Investment in general fixed assets	0	20,902	20,902
Fund Balance Unreserved and undesignated	<u>262,093</u>	<u>0</u>	<u>262,093</u>
TOTAL EQUITY AND OTHER CREDITS	<u>262,093</u>	<u>20,902</u>	<u>282,995</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 262,093</u>	<u>\$ 20,902</u>	<u>\$ 282,995</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE INDEPENDENT LEV EE DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>GOVERNMENTAL FUND TYPE</u>
	<u>GENERAL</u>
REVENUES	
Ad valorem taxes	\$ 77,458
Intergovernmental - Federal Grants - FEMA	117,527
Interest	4,640
Other	66,242
TOTAL REVENUES	<u>265,867</u>
EXPENDITURES	
Current	
Public Works	
Personnel	21,663
Employee related benefits	1,295
Travel	5,896
Office	5,887
Professional services	26,432
Operating	4,417
Capital Outlay	
Miscellaneous projects	0
TOTAL EXPENDITURES	<u>65,590</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	200,277
FUND BALANCE	
Beginning of year	61,816
End of year	\$ <u>262,093</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE INDEPENDENT LEVEE DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Ad valorem taxes	\$ 77,458	\$ 86,000	\$ (8,542)
Intergovernmental - Federal Grants - FEMA	117,527	98,528	18,999
Interest income	4,640	3,000	1,640
Other	66,242	66,281	(39)
TOTAL REVENUES	<u>265,867</u>	<u>253,809</u>	<u>12,058</u>
EXPENDITURES			
Personnel			
Salaries	16,938	18,000	1,062
Commissioner's per diem	4,725	5,400	675
Employee expenses	0	450	450
Total	<u>21,663</u>	<u>23,850</u>	<u>2,187</u>
Employee related benefits			
Payroll taxes - state - penalties	0	400	400
Payroll taxes - federal	1,295	3,500	2,205
Insurance - worker's compensation	0	0	0
Total	<u>1,295</u>	<u>3,900</u>	<u>2,605</u>
Travel			
Travel and other	5,896	6,500	604
Total	<u>5,896</u>	<u>6,500</u>	<u>604</u>
Office			
Lease - office	0	1	1
Telephone	870	1,000	130
Postage	1,253	1,253	0
Office supplies	1,015	1,015	0
Advertising	1,084	1,100	16
Dues and subscriptions	1,600	1,600	0
Bank charges	65	66	1
Sheriff's Office expense	0	0	0
Total	<u>5,887</u>	<u>6,035</u>	<u>148</u>
Professional Services			
Engineering and other	23,832	25,000	1,168
Audit fees	2,600	2,600	0
Total	<u>26,432</u>	<u>27,600</u>	<u>1,168</u>

(Continued)

GRAND ISLE INDEPENDENT LEVEE DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) -
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Operating			
Gas and oil	665	750	85
Insurance - general, auto & marine	2,350	2,350	0
Repairs and maintenance	106	300	194
Licenses and permits	80	80	0
Contract labor	750	0	(750)
Food and lodging	259	1,000	741
Miscellaneous	207	500	293
Total	<u>4,417</u>	<u>4,980</u>	<u>563</u>
Capital outlay			
Miscellaneous projects	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>65,590</u>	<u>72,865</u>	<u>7,275</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	200,277	180,944	19,333
FUND BALANCE			
Beginning of Year	61,816	61,816	0
End of Year	\$ <u>262,093</u>	\$ <u>242,760</u>	\$ <u>19,333</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Grand Isle Independent Levee District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

1. Reporting Entity

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and its component units. Component units are defined as legally separate organizations for which the elected officials of a primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District was created by Louisiana Revised Statute (LSA-RS 38:291(S)). It includes all land in the Parish of Jefferson lying south of Latitude 29 17' 52" N on the west side of the Mississippi River. The governing board of commissioners administers the operations and responsibilities in accordance with the provisions of Louisiana statutes. The members of the Board are appointed by the Governor of the State of Louisiana from a list of nominations submitted by the members of the Legislature serving that portion of Jefferson Parish located within the District.

Based on the criteria described above, it has been determined that the Grand Isle Independent Levee District is a component unit of the State of Louisiana for financial reporting purposes. The accompanying statements present only transactions of the District.

Annually, the State of Louisiana (the primary government) issues general purpose financial statements which include the activity contained in the accompanying financial statements. The State's general purpose financial statements are issued by the Louisiana Division of Administration - Office of Statewide Reporting and Accounting Policy and are audited by the Louisiana Legislative Auditor.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The District has only one fund, the General Fund, and one account group, General Fixed Assets.

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

3. Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgets

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

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

5. Cash and Investments

For reporting purposes, cash includes amounts in demand deposits, time deposits, and certificates of deposit. Louisiana Revised Statutes allow the District to invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

In accordance with GASB Statement No. 31, investments, if any, are generally stated at fair value. If the investment is in money market securities and has a maturity date of less than 90 days from the balance sheet date, the investment is stated at cost or amortized cost. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

6. Inventories

The cost of materials and supplies acquired by the District are recorded as expenditures at the time of purchase. It is management's opinion that the inventory of such materials and supplies at June 30, 1999 would not be material to the financial statements.

7. Fixed Assets

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

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

8. Fund Equity

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

9. Total Columns on Combined Statements

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

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budget

The Board of Commissioners of the District submits an annual budget to the Department of Transportation and Development - Office of Public Works (DOTD) and the Legislative Auditor for the succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

The DOTD reviews the budget and makes recommendations pertaining thereto to the Board of Commissioners of the District and the Legislative Auditor. Not less than ninety days before the end of the fiscal year, the Board of Commissioners adopts the annual budget after considering the recommendations of the DOTD. Amendments to the budget are made by the Board from time to time as is necessary.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1999

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The original budget was adopted on June 22, 1998. Budgeted amounts included in the accompanying statements include supplemental appropriations and amendments through May 20, 1999.

2. Budgetary to GAAP Reconciliation

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

Excess (deficiency) of revenues over expenditures (budgetary basis)	\$ 200,277
Add: prior year payables	0
Less: current year payables	0
	<hr/>
Excess (deficiency) of revenues over expenditures (GAAP basis)	<u>\$ 200,277</u>

NOTE C - DEPOSITS AND INVESTMENTS

The carrying amount of the District's deposits at June 30, 1999 was \$262,093 and the bank balance was \$267,302. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The bank balance is categorized as follows:

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1999

NOTE C - DEPOSITS AND INVESTMENTS (CONTINUED)

Risk Category	Cash	Certificates of Deposit	Amount
a. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	\$ 190,428	\$ 71,665	\$ 262,093
b. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name	0	0	0
c. Uncollateralized (including securities held for the entity by the pledging financial institution or its agent, but not in the entity's name)	0	0	0
Total	\$ 190,428	\$ 71,665	\$ 262,093

NOTE D - FIXED ASSETS

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

Asset Type	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Land	\$ 0	\$ 0	\$ 0	\$ 0
Buildings	2,185	0	0	2,185
Furniture and fixtures	4,736	0	0	4,736
Machinery, vehicles and equipment	13,982	0	(1)	13,981
TOTAL	\$ 20,903	\$ 0	\$ (1)	\$ 20,902

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1999

NOTE E - AD VALOREM TAX

Article 6, § 39 of the 1974 Louisiana Constitution provides that for the purposes of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and for all other purposes incidental thereto, the District may levy annually, a tax not to exceed five mills. If the District needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by a majority vote of the electors.

The District levies an ad valorem (property) tax on real property within the District to finance operations. The levy is generally made as of November 15 of each year. The tax is then due, and becomes an enforceable lien on the property, on the first day of the month following the filing of the tax roll by the Parish assessor with the Louisiana Tax Commission (usually December 1). The tax is delinquent 30 days after its due date.

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

The number of mills levied for operations on the 1998 and 1997 tax rolls were 4.69.

NOTE F - COMMITMENTS AND CONTINGENCIES

1. Risk Management

The District is exposed to various risks of loss resulting from personal injury; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To protect against these risks of loss, the District purchases various types of insurance from commercial carriers.

Under these policies, general liability coverage is provided for up to a maximum of \$1,000,000 per occurrence (\$1,000,000 in the aggregate) and worker's compensation is provided at the statutory limits of \$1,000,000/1,000,000/1,000,000. In each policy, the District is responsible for the applicable deductible.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1999

NOTE F - COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Litigation

There is no litigation pending against the District at June 30, 1999.

3. Cheniere Breakwater Project

The District has entered into a Local Cooperative Endeavor Agreement with the U.S. Army Corps of Engineers (the "Corps") to construct a segmented breakwater in the Cheniere area. The total estimated cost of the project is \$2,150,000. The project is to be funded 65 percent federal and 35 percent local. The Corps will pay for its share of the project directly from its funds (i.e., the District receives no direct federal financial assistance).

To pay for its local match, the District has entered into a Local Cooperative Endeavor Agreement with the State Department of Transportation and Development (DOTD) under Project # 36-L25-97-1, whereby the DOTD will provide \$752,500 from its State Capital Outlay allocation to fund the local match. These funds were received from the State in January 1998 and were put on deposit with the Corps to pay for preliminary engineering and design work. The Corps is maintaining an escrow account from which it can draw funds to pay for services as they are rendered. The deposits are considered expended by the District at the time they are made.

An additional \$25,000 of the District's funds was placed on deposit with the Corps in March 1999, bringing the total project-to-date cost to \$777,500. During the 98/99 fiscal year, this \$25,000 was refunded to the District.

NOTE G - RETIREMENT SYSTEM

Employees of the District are members of the Social Security System. In addition to the employee contribution withheld at 7.65 per cent, the District contributes an equal amount to the Social Security System. Aggregate pension costs for the year is \$1,295. The District does not guarantee the benefits granted by the Social Security System.

**SUPPLEMENTARY INFORMATION
REQUIRED BY THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

The following pages contain supplementary information as required by *Technical Bulletin 98-1*, issued by the Governmental Accounting Standards Board (GASB) in October 1998. The provisions of the GASB technical bulletin, effective for financial statements dated after October 31, 1998, require disclosures in the notes to the financial statements about the governmental entity's readiness in addressing Year 2000 issues for its computer systems and other electronic equipment. In March 1999, GASB issued *Technical Bulletin 99-1*, which allowed the disclosure of Year 2000 issues as required supplementary information.

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA**

REQUIRED SUPPLEMENTARY INFORMATION

**As of June 30, 1999, and for the Period
July 1, 1998 to June 30, 1999**

YEAR 2000 ISSUES

General Description - The Year 2000 Issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both years 1900 and 2000 would be referred to as "00" by the computer. Computer programs have to be adjusted to recognize the difference between those two years or the programs will fail or create errors. In addition, some programs may not be able to recognize that 2000 is a leap year.

The District's management is aware of the Year 2000 Issues, however, the District's accounting system is a manual system and should not be affected. The main concern to the District with regards to Y2K is its outside vendors and/or the Parish Tax Collector, however, nothing has come to the District's attention that these parties will experience difficulties.

Management believes that the District will be able to process date and/or date-related information correctly before, during, and after January 1, 2000. However, because of the unprecedented nature of the year 2000 issue, its effects and the success of the related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business with will be year 2000 ready.

OTHER SUPPLEMENTAL INFORMATION

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 1999**

Board Member	Number of Meetings	Amount Paid
Wayne Estay	24	\$ 1,950
Robert "Bobby" Santini	28	2,775
Total		<u>\$ 4,725</u>

The Schedule of Per Diem Paid to Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personnel expenditures of the General Fund. Board members are paid \$75 per meeting for up to 36 meetings each year. In lieu of per diem, the Board President, David Camardelle, was paid a salary of \$12,000 (\$1,000 per month effective October 1, 1994).

**GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 1999**

Description of Funding	Amount
(None)	

GRAND ISLE INDEPENDENT LEVEE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	NUMBER	GRANT PERIOD FROM TO	GRANT AMOUNT	ACCRUED REVENUE JUNE 30, 1998	CASH RECEIVED		ACCRUED (DEFERRED) REVENUE JUNE 30, 1999	REVENUE RECOGNIZED		EXPENDITURES		TOTAL EXPENDITURES
						GRANT	OTHER		FEDERAL	OTHER			
FEDERAL EMERGENCY MANAGEMENT AGENCY													
Passed through State Department of Military Affairs - Office of Emergency Preparedness:													
Disaster Assistance - Hurricane Georges/Francis	83-516	FEMA-1246-DR-LA	Project Completion	\$ 94,995 (1)	0	94,995	31,665	0	126,660	94,995	31,665	126,660	
TOTAL FEDERAL EMERGENCY MANAGEMENT					0	94,995	31,665	0	126,660	94,995	31,665	126,660	
TOTAL FEDERAL ASSISTANCE				\$	0	94,995	31,665	0	126,660	94,995	31,665	126,660	

NOTES TO SCHEDULE

This schedule was prepared on the accrual basis of accounting and covers the period from July 1, 1998 to June 30, 1999.

(1) Amount represents federal share only. Town is required to provide a 10 percent match. The State also puts up a portion for administrative costs (in this case totaling \$18,995).

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN
AUDIT PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Grand Isle Independent Levee District
Grand Isle, Louisiana

I have audited the general purpose financial statements of the Grand Isle Independent Levee District (the "District"), a component unit of the State of Louisiana, as of and for the year ended June 30, 1999, and have issued my report thereon dated December 15, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described below:

Reportable Condition

Condition - I noted that the size of the Board's operations are too small to provide for an adequate segregation of duties. The Board's secretary is charged with most of the responsibilities relating to the cash receipts and cash disbursement cycles. The District does, however, have various controls in place which tend to mitigate this problem, including (1) having a Commissioner review and initial all bank reconciliations, (2) requiring dual signatures on all checks, (3) requiring the presentation of actual versus budget reports on a monthly basis, and (4) the use and reconciliation of prenumbered receipts.

Recommendation -Employing additional controls may not be cost beneficial, however, the Board should remain cognizant of the lack of segregation of duties.

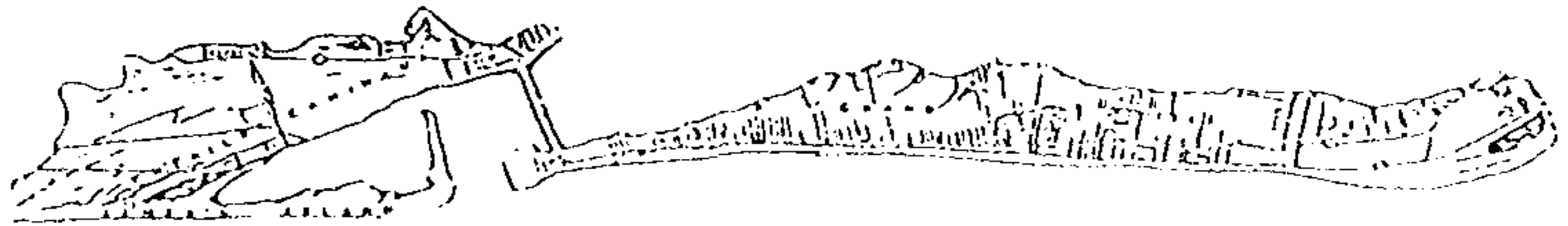
Response - We are aware of the condition, however, at this point we are not in the financial position of addressing the problem. The Board is aware of the condition and will continue to monitor the financial activity of the District in a timely manner.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that the reportable condition described above is a material weakness.

This report is intended for the information of the Board of Commissioners, management, all applicable Federal and State agencies, and the Legislative Auditor of the State of Louisiana and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

Paul C. Riven, CPA
December 15, 1999

GRAND ISLE INDEPENDENT LEVEE DISTRICT



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

Commissioners:
DAVID CAMARDELLE
ROBERT "BOBBY" SANTINI
WAYNE ESTAY

CORRECTIVE ACTION PLAN

December 27, 1999

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

Dear Dr. Kyle:

The Grand Isle Independent Levee District respectfully submits the following corrective action plan for the fiscal year ended June 30, 1999.

RECEIVED
LEGISLATIVE AUDITOR
1999 DEC 29 PM 1:35

Name and Address of Auditing Firm:

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

Audit Period:

July 1, 1998 to June 30, 1999

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

FINDINGS - FINANCIAL STATEMENT AUDIT

Reportable Conditions

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

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

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

FINDINGS - FEDERAL AWARD PROGRAM AUDITS

None were noted.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "D. Camardelle".

David Camardelle, President
Grand Isle Independent Levee District