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CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2-A
OF VERMILION PARISH

FINANCIAL REPORT

DECEMBER 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date JUL 16 1997

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The Honorable Vernis Leger
and the Board of Commissioners
Consolidated Gravity Drainage District No. 2-A

In accordance with Government Auditing Standards, we have also issued a report dated June 19, 1997 on our consideration of the District's internal control structure and a report dated June 19, 1997 on its compliance with laws and regulations.

Broussard, Poche, Lewis & Breaux

Abbeville, Louisiana
June 19, 1997

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2-A
VERMILION PARISH POLICE JURY

BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1996

ASSETS	Governmental Fund Types	
	General Fund	Debt Service Fund
Cash	\$ 19,819	\$ 26,131
Investments, at cost	-	113,954
Receivables	113,301	58,686
Equipment	-	-
Amount available in debt service fund	-	-
Amount to be provided for retirement of general long-term debt	-	-
Total assets	<u>\$133,120</u>	<u>\$198,771</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 781	\$ -
Deduction from ad valorem taxes	3,492	1,848
Bonds payable	-	-
Total liabilities	<u>\$ 4,273</u>	<u>\$ 1,848</u>
Fund Equity:		
Investment in general fixed assets	\$ -	\$ -
Fund balances:		
Reserved for debt service	\$ -	\$196,923
Unreserved - undesignated	128,847	-
Total fund balances	<u>\$128,847</u>	<u>\$196,923</u>
Total liabilities and fund equity	<u>\$133,120</u>	<u>\$198,771</u>

See Notes to Financial Statements.

<u>Account Groups</u>		
<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ -	\$ 45,950
-	-	113,954
-	-	171,987
227,162	-	227,162
-	196,923	196,923
-	3,077	3,077
<u>\$227,162</u>	<u>\$200,000</u>	<u>\$759,053</u>
\$ -	\$ -	\$ 781
-	-	5,340
-	200,000	200,000
<u>\$ -</u>	<u>\$200,000</u>	<u>\$206,121</u>
<u>\$227,162</u>	<u>\$ -</u>	<u>\$227,162</u>
\$ -	\$ -	\$196,923
-	-	128,847
<u>\$ -</u>	<u>\$ -</u>	<u>\$325,770</u>
<u>\$227,162</u>	<u>\$200,000</u>	<u>\$759,053</u>

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2-A
VERMILION PARISH POLICE JURY

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1996

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total (Memorandum Only)</u>
Revenues:			
Taxes:			
Ad valorem	\$108,628	\$ 57,475	\$166,103
Intergovernmental:			
State revenue sharing	7,186	-	7,186
Rural development grant	4,589	-	4,589
Other	<u>1,270</u>	<u>7,112</u>	<u>8,382</u>
Total revenues	<u>\$121,673</u>	<u>\$ 64,587</u>	<u>\$186,260</u>
Expenditures:			
Current:			
Public works:			
Salaries and related benefits	\$ 58,365	\$ -	\$ 58,365
Compensation paid to board of commissioners	2,040	-	2,040
Accounting and legal	500	-	500
Insurance	17,481	-	17,481
Office	354	-	354
Materials and supplies	13,619	-	13,619
Drainage maintenance	5,455	-	5,455
Repairs	5,725	-	5,725
Pension	3,492	1,848	5,340
Uncollected taxes	2,157	1,157	3,314
Miscellaneous	500	-	500
Capital outlay	650	-	650
Debt service:			
Principal retirements	-	32,000	32,000
Interest and fiscal charges	-	<u>18,825</u>	<u>18,825</u>
Total expenditures	<u>\$110,338</u>	<u>\$ 53,830</u>	<u>\$164,168</u>
Excess of revenues over expenditures	\$ 11,335	\$ 10,757	\$ 22,092
Fund balances, beginning	<u>117,512</u>	<u>186,166</u>	<u>303,678</u>
Fund balances, ending	<u>\$128,847</u>	<u>\$196,923</u>	<u>\$325,770</u>

See Notes to Financial Statements.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2-A
VERMILION PARISH POLICE JURY

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1995

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total (Memorandum Only)</u>
Revenues:			
Taxes:			
Ad valorem	\$105,642	\$ 56,682	\$162,324
Intergovernmental:			
State revenue sharing	7,034	-	7,034
Rural development grant	23,411	-	23,411
Other	778	7,217	7,995
Total revenues	<u>\$136,865</u>	<u>\$ 63,899</u>	<u>\$200,764</u>
Expenditures:			
Current:			
Public works:			
Salaries and related benefits	\$ 54,861	\$ -	\$ 54,861
Compensation paid to board of commissioners	2,520	-	2,520
Accounting and legal	750	-	750
Insurance	18,508	-	18,508
Office	572	-	572
Materials and supplies	8,365	-	8,365
Drainage maintenance	24,485	-	24,485
Repairs	3,953	-	3,953
Pension	3,384	1,816	5,200
Uncollected taxes	541	300	841
Capital outlay	465	-	465
Debt service:			
Principal retirements	-	30,000	30,000
Interest and fiscal charges	-	21,148	21,148
Total expenditures	<u>\$118,404</u>	<u>\$ 53,264</u>	<u>\$171,668</u>
Excess of revenues over expenditures	\$ 18,461	\$ 10,635	\$ 29,096
Fund balances, beginning	<u>99,051</u>	<u>175,531</u>	<u>274,582</u>
Fund balances, ending	<u>\$117,512</u>	<u>\$186,166</u>	<u>\$303,678</u>

See Notes to Financial Statements.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2-A
VERMILION PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

As provided by Louisiana Revised Statute 38:1758, the Drainage District is governed by five commissioners. These five commissioners are referred to as the Board of Commissioners and are appointed by the parish police jury. The Drainage District was created under the authority of Louisiana Revised Statute 38:1751-1802 and was established for the purpose of draining and reclaiming the undrained or partially undrained marsh, swamp, and overflowed lands in the district that must be levied and pumped in order to be drained and reclaimed.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. All GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

A. Reporting Entity

In conformance with GASB Codification Section 2100, the Drainage District is a component unit of the Vermilion Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit, and other governmental units that comprise the governmental reporting entity.

B. Fund accounting

The Drainage District uses funds to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

General Fund:

The general fund 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 General Fund is the general operating fund of the District and accounts for all financial resources except those required to be accounted for in other funds.

Debt Service Fund:

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

NOTES TO FINANCIAL STATEMENTS

C. General Fixed Assets and General Long-Term Obligations

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the governmental funds. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Long-term liabilities expected to be financed from governmental funds are accounted for in the general long-term debt account group, not in the governmental funds.

The two account groups are not funds. They are concerned only with the measurement of financial position and do not involve measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The District's accounts are reported on the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

Revenues:

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

Additionally, a state grant was received for the 1995-96 grant year from the Governor's Office of Rural Development. The revenue from this grant was recognized as expenditures were incurred. The purpose of the grant was to fund the clearance and removal of overgrown trees which accumulated within the drainage canal of Bayou Que de Tortue.

Expenditures:

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except for principal and interest on general long-term debt which is recognized when due.

E. Budget Practices

Louisiana law exempts all special districts created before December 31, 1974, from the requirements of the Local Government Budget Act. The Consolidated Gravity Drainage District No. 2-A of Vermilion Parish was created May 12, 1966 and, accordingly, is exempt from budgetary requirements. Management has determined that, due to the amount and nature of the expenditures, the adoption of a budget is not required for control purposes. The Drainage District did not adopt a budget for the two years ended December 31, 1996; therefore, the accompanying financial statements do not include a comparison of revenues and expenditures to budget.

NOTES TO FINANCIAL STATEMENTS

F. Cash and Investments

For reporting purposes, cash and investments include cash, demand deposits, and certificates of deposit. Under state law, the Consolidated Gravity Drainage District No. 2-A may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 1996, the District has cash (book balances) totaling \$159,904, which is all in interest-bearing demand deposits or certificates of deposit. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 1996, the District has \$161,252 in deposits (collected bank balances). These deposits are partially secured from risk by federal deposit insurance. At December 31, 1996, there was \$13,954 of unsecured deposits.

G. Pensions

Employees of the Drainage District are covered under the Federal Insurance Contribution Act (social security). The employees and the District contribute equally to the system. Pension expenditures as shown with revenues and expenditures is the amount deducted from ad valorem taxes for sheriff and assessor plans, as provided by state law.

H. Vacation and Sick Leave

Full-time employees of the District with more than one year of service are allowed two weeks of vacation leave each year; full-time employees with one year's service or less are allowed one week of vacation leave each year. Sick leave is granted on an individual basis as the need occurs. Vacation and sick leave may not be accumulated and carried into future years.

I. Total Column On Financial Statements

The total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. The data in these columns does not present financial position or results of operations 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.

NOTES TO FINANCIAL STATEMENTS

Note 2. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Equipment</u>
Balance, December 31, 1994	\$226,047
Additions - 1995 and 1996	1,115
Reductions - 1995 and 1996	-
Balance, December 31, 1996	<u>\$227,162</u>

Note 3. Changes in General Long-Term Obligations

The following is a summary of the long-term obligation transactions for the two years ended December 31, 1996:

	<u>Bonded Debt</u>
Long-term obligations payable at December 31, 1994	\$262,000
Reductions - 1995 and 1996	62,000
Long-term obligations payable at December 31, 1996	<u>\$200,000</u>

General obligation bonds of the Drainage District are comprised of the following individual issues:

Original issue of \$105,000 General Obligation Bonds dated November 1, 1981, retired in various annual installments, interest rate 9.50%, final maturity April 1, 2001	\$ 45,000
Original issue of \$210,000 General Obligation Bonds dated December 1, 1986, retired in various annual installments, interest rate 7.0% to 11.0%, final maturity December 1, 2006	155,000
Total General Obligation Bonds	<u>\$200,000</u>

The annual requirements to amortize all bonds and/or certificates outstanding at December 31, 1996, including interest of \$84,048, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1997	\$ 17,000	\$ 15,360	\$ 32,360
1998	18,000	13,927	31,927
1999	19,000	12,395	31,395
2000	25,000	10,763	35,763
2001	26,000	8,663	34,663
2002-2006	95,000	22,940	117,940
Total	<u>\$200,000</u>	<u>\$ 84,048</u>	<u>\$284,048</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Receivables

The following is a summary of receivables at December 31, 1996:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Ad valorem tax	\$ 108,510	\$ 57,413
Revenue sharing	4,791	-
Other	-	1,273
	<u>\$ 113,301</u>	<u>\$ 58,686</u>

SUPPLEMENTARY INFORMATION

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 2-A
VERMILION PARISH POLICE JURY

SCHEDULE OF COMPENSATION PAID TO BOARD OF COMMISSIONERS
Years Ended December 31, 1996 and 1995

<u>Name</u>	<u>1996</u>	<u>1995</u>
Thomas Lalande	\$ 240	\$ -
William Henry	300	-
Roderic Mark Hebert	360	-
Edward Vincent	180	-
David Trahan	180	480
Ronald Hebert	360	600
Winfred Foreman	420	840
Robert Dale Vincent	-	600
Total	<u>\$ 2,040</u>	<u>\$ 2,520</u>

The schedule of compensation paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

The board members receive \$60 per diem for attendance at meetings of the board. Mayo Baudoin, President, received a salary of \$6,000 in 1995 and \$3,500 in 1996 in lieu of per diem for his official duties as president of the board. During 1996, Vernis Leger began receiving a salary in lieu of per diem for his official duties as president. This salary for 1996 was \$2,060 and, along with amounts paid to Mr. Baudoin, are included with salary and related benefits on pages 4 and 5.



BROUSSARD, POCHE, LEWIS & BREAU

CERTIFIED PUBLIC ACCOUNTANTS

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

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Karl G. Guidry, CPA*

Retired:

Sidney L. Broussard, CPA* 1980

Leon K. Poché, CPA 1984

James H. Breaux, CPA 1987

Erna R. Walton, CPA 1988

George A. Lewis, CPA* 1992

Geraldine J. Wimberley, CPA* 1995

Rodney L. Savoy, CPA* 1996

Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants

We have audited the financial statements of the Consolidated Gravity Drainage District No. 2-A, a component unit of the Vermilion Parish Police Jury, as of and for the two years ended December 31, 1996, and have issued our report thereon dated June 19, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

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

In planning and performing our audit of the general purpose financial statements of the Consolidated Gravity Drainage District No. 2-A for the two years ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an

The Honorable Vernis Leger
and the Board of Commissioners
Consolidated Gravity Drainage District No. 2-A

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.

A material weakness is a reportable condition in which the design or operation of one of 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 matter involving the internal control structure and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the District for the two years ended December 31, 1996.

General Administration

Finding: In reviewing the internal control structure, we noted inadequate segregation of duties exists.

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions.

Suggestion and response: The Board has evaluated this inadequacy and concluded the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

This report is intended for the information of management and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Broussard, Poché, Lewis & Breaux

Abbeville, Louisiana
June 19, 1997



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

The Honorable Vernis Leger
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We have audited the financial statements of the Consolidated Gravity Drainage District No. 2-A, a component unit of the Vermilion Parish Police Jury, as of and for the two years ended December 31, 1996, and have issued our report thereon dated June 19, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Consolidated Gravity Drainage District No. 2-A 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 test disclosed the following instance of noncompliance that is required to be reported under Government Auditing Standards:

Cash and Investments

Finding: Our review of pledged securities indicated a shortfall in the required amount at December 31, 1996.

Cause: The testing of pledged securities is not regularly being performed.

Suggestion and response: The market value of pledged securities should be monitored regularly by the District.

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The Honorable Vernis Leger
and the Board of Commissioners
Consolidated Gravity Drainage District No. 2-A

We considered this instance of noncompliance in forming our opinion on whether the District's general purpose financial statements are presented fairly, in all material respects in conformity with generally accepted accounting principals, and this report does not affect our report dated June 19, 1997 on those general purpose financial statements.

This report is intended for the information of management and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Broussard, Roche, Lewis & Breaux

Abbeville, Louisiana
June 19, 1997