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# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Caddo Levee District  
State of Louisiana  
Shreveport, Louisiana

October 18, 1995



***Financial and Compliance Audit Division***

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***Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor***

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**CADDO LEVEE DISTRICT  
STATE OF LOUISIANA  
Shreveport, Louisiana**

**General Purpose Financial Statements  
and Independent Auditor's Reports  
As of and for the Year Ended June 30, 1995  
With Supplemental Information Schedule**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

October 18, 1995

**CADDO LEVEE DISTRICT  
STATE OF LOUISIANA**

**General Purpose Financial Statements  
and Independent Auditor's Reports  
As of and for the Year Ended June 30, 1995  
With Supplemental Information Schedule**

**CONTENTS**

	<b>Statement</b>	<b>Page No.</b>
Independent Auditor's Report on the Financial Statements		2
General Purpose Financial Statements:		
Balance Sheet - All Fund Types and Account Groups	A	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Governmental Fund - General Fund	B	5
Notes to the Financial Statements		6
	<b>Schedule</b>	<b>Page No.</b>
Supplemental Information Schedule - Schedule of Per Diem Paid Board Members	1	14
	<b>Exhibit</b>	
Other Reports Required by <i>Government Auditing Standards</i> :		
Report on Internal Control Structure Based Solely on an Audit of the General Purpose Financial Statements	A	
Report on Compliance With Laws and Regulations	B	



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DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

August 22, 1995

Independent Auditor's Report on  
the Financial Statements

**BOARD OF LEVEE COMMISSIONERS**  
**OF CADDO LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
Shreveport, Louisiana

We have audited the accompanying general purpose financial statements of the Caddo Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1995, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Caddo Levee District. 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 our 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 accompanying general purpose financial statements present fairly, in all material respects, the financial position of the Caddo Levee District as of June 30, 1995, and the results of operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 22, 1995, on our consideration of the Caddo Levee District's internal control structure and a report dated August 22, 1995, on its compliance with laws and regulations.

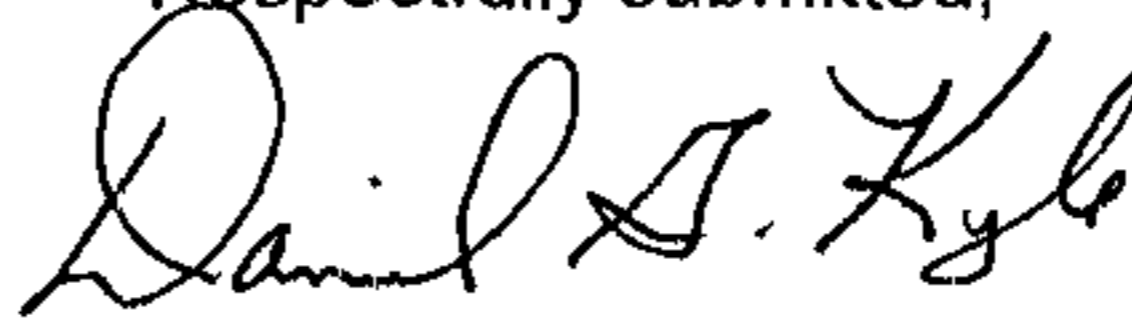
Our audit was made for the purpose of forming an opinion on the general purpose financial statements. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the

LEGISLATIVE AUDITOR

CADDO LEVEE DISTRICT  
STATE OF LOUISIANA  
Audit Report, June 30, 1995

general purpose financial statements of the Caddo Levee District. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in cursive script that reads "Daniel G. Kyle". The signature is written in black ink and is positioned above the printed name and title.

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

RE:MAN:dl

[CAD-LD]

CADDO LEVEE DISTRICT  
STATE OF LOUISIANA  
ALL FUND TYPES AND ACCOUNT GROUPS

Balance Sheet, June 30, 1995

	GOVERNMENTAL FUND - GENERAL FUND	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
<b>ASSETS AND OTHER DEBITS</b>				
Cash and cash equivalents	\$10,480,036			\$10,480,036
Receivables	33,663			33,663
Fixed assets		\$2,287,194		2,287,194
Amount to be provided for retirement of general long-term obligations			\$38,666	38,666
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$10,513,699</b>	<b>\$2,287,194</b>	<b>\$38,666</b>	<b>\$12,839,559</b>
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>				
Liabilities:				
Accounts payable	\$21,070			\$21,070
Salaries and wages payable	21,052			21,052
Deferred revenue	18,137			18,137
Accrued compensated absences			\$38,666	38,666
<b>Total Liabilities</b>	<b>60,259</b>	<b>NONE</b>	<b>38,666</b>	<b>98,925</b>
Equity and Other Credits:				
Investment in general fixed assets		\$2,287,194		2,287,194
Fund balance - unreserved - undesignated	10,453,440			10,453,440
<b>Total Equity and Other Credits</b>	<b>10,453,440</b>	<b>2,287,194</b>	<b>NONE</b>	<b>12,740,634</b>
<b>TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS</b>	<b>\$10,513,699</b>	<b>\$2,287,194</b>	<b>\$38,666</b>	<b>\$12,839,559</b>

The accompanying notes are an integral part of this statement.

CADDO LEVEE DISTRICT  
STATE OF LOUISIANA  
GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budget  
(GAAP Basis) and Actual  
For the Year Ended June 30, 1995

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Ad valorem taxes	\$230,000	\$299,287	\$69,287
Intergovernmental revenue - state revenue sharing	25,000	29,544	4,544
Rental, royalties, bonuses, and leases	299,000	443,561	144,561
Use of money and property - interest on investments	320,000	407,091	87,091
Other revenues	15,000	12,368	(2,632)
Total revenues	<u>889,000</u>	<u>1,191,851</u>	<u>302,851</u>
<b>EXPENDITURES</b>			
Public works:			
General administrative	465,400	300,991	164,409
Employee related benefits	80,100	64,785	15,315
Travel	20,000	7,605	12,395
Materials and supplies	535,000	124,707	410,293
Equipment purchases	250,000	20,219	229,781
Deductions from ad valorem taxes - retirement system	20,000	9,002	10,998
Levee maintenance	505,000	288,360	216,640
Capital outlay	5,185,000	126,583	5,058,417
Flood fight contingencies	3,000,000		3,000,000
Other	107,000	7,772	99,228
Total expenditures	<u>10,167,500</u>	<u>950,024</u>	<u>9,217,476</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	(9,278,500)	241,827	9,520,327
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>10,189,224</u>	<u>10,211,613</u>	<u>22,389</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u><u>\$910,724</u></u>	<u><u>\$10,453,440</u></u>	<u><u>\$9,542,716</u></u>

The accompanying notes are an integral part of this statement.



**CADDO LEVEE DISTRICT  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of and for the Year Ended June 30, 1995

**INTRODUCTION**

The Caddo Levee District was created by the Louisiana Legislature. The levee district includes all of Caddo Parish. The levee district primarily provides flood protection for those areas contained in the district. The governing board administers the operations and responsibilities of the levee district in accordance with Louisiana statutes. There are seven board members appointed by the governor. The levee district's office is located in Shreveport, Louisiana, and employs 2 administrative personnel and a field staff of 16. The Louisiana Department of Transportation and Development provides certain engineering services to the levee district, and the United States Corps of Engineers serves as an advisory body, as well as periodically inspecting the integrity of the levee system.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

In April 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. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government. The accompanying financial statements have been prepared in accordance with such principles.

**B. REPORTING ENTITY**

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The levee district is considered a component unit of the State of Louisiana because the state exercises oversight responsibility, in that the governor appoints the board members, and public service is rendered within the state's boundaries. The accompanying financial statements present information only as to the transactions of the Caddo Levee District, a component unit of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

**C. FUND ACCOUNTING**

The levee district uses a fund (General Fund) 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

**CADDO LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

transactions relating to certain government 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 levee district has one fund (General Fund) that is classified as a governmental fund. The General Fund accounts for the levee 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.

**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. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The General Fund uses the following practices in recording revenues and expenditures:

**Revenues**

Ad valorem taxes and the related 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 on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Rentals, royalties, and leases are recorded in the year earned.

Substantially all other revenues are recorded when available.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated annual leave, which is recognized when paid.

**CADDO LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**E. BUDGET PRACTICES**

The proposed budget for the 1995 fiscal year was made available for public inspection at the levee district's office on May 18, 1994. The proposed budget was prepared on the modified accrual basis of accounting. The budget was published in the official journal 23 days before the public hearing. The budget is legally adopted and amended, as necessary, by the levee district. The levee district does not recognize encumbrances; therefore, encumbrances are not reflected for budgeting or accounting purposes. All appropriations contained in the budget lapse at year end.

The \$3,000,000 favorable expenditure variance in the flood fight contingency account is the result of anticipated funding for flood emergencies that did not occur. The \$5,058,417 favorable expenditure variance in the capital outlay account is the result of planned construction and improvement projects in which no activity occurred during the year or that were completed for less than the original estimate. Formal budget integration (within the accounting records) is employed as a management control device. The budget practices of the Caddo Levee District are subject to the provisions of Louisiana Revised Statute (LSA-R.S.) 38:318.

**F. CASH AND CASH EQUIVALENTS**

Cash includes noninterest-bearing demand deposits and money market accounts. Cash equivalents include amounts in time deposits. Under state law, the Caddo Levee District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the levee district may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**G. FIXED ASSETS**

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if historical cost is not available. Approximately 47 percent of the value of fixed assets reported herein have been valued at estimated cost.

**H. COMPENSATED ABSENCES**

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are

**CADDO LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group. The liability for unused annual leave payable at June 30, 1995, computed in accordance with the GASB Codification Section C60.105, is estimated to be \$38,666. This amount is recorded in the general long-term obligations account group.

**I. TOTAL COLUMN ON BALANCE SHEET**

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**2. CASH AND CASH EQUIVALENTS**

At June 30, 1995, the levee district has cash and cash equivalents (book balances) totaling \$10,480,036 as follows:

Noninterest-bearing demand deposits	\$19,655
Money market accounts	260,381
Time deposits	<u>10,200,000</u>
Total	<u><u>\$10,480,036</u></u>

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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1995, the levee district has \$10,482,249 in deposits (collected bank balances). These deposits are secured from risk by \$221,868 of federal deposit insurance and \$10,260,381 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, LSA-R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the levee district that the fiscal agent has failed to pay deposited funds upon demand.

**CADDO LEVEE DISTRICT  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**3. CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance July 1, 1994	Additions	Deletions	Balance June 30, 1995
Land	\$1,105,951			\$1,105,951
Building	50,000	\$61,192		111,192
Equipment	1,052,341	20,219	\$2,509	1,070,051
Total	<u>\$2,208,292</u>	<u>\$81,411</u>	<u>\$2,509</u>	<u>\$2,287,194</u>

**4. PENSION PLAN**

Substantially all employees of the levee district are members of the Louisiana State Employees Retirement System (System), a single-employer (cost-sharing), public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of state employees, which is administered and controlled by a separate board of trustees.

Contributions of participating state agencies are pooled within the System to fund accrued benefits with contribution rates approved by the Louisiana Legislature. The payroll for employees of all participating agencies in the System is not available for the year ended June 30, 1995. For the year ended June 30, 1995, the levee district's total payroll was \$346,747, and its payroll covered by the System was approximately \$337,712.

All full-time levee district employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5 per cent of their highest consecutive 36-month average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. The System also provides death and disability benefits. Benefits are established by state statute.

Covered employees are required by state statute to contribute 7.5 percent of gross salary to which the levee district adds an 11.9 percent contribution as an employer's match. The levee district's statutory and actual contribution for the year ended June 30, 1995, was \$65,517 of which \$25,329 was contributed by employees and \$40,188 contributed by the levee district. The actuarially required contribution for that year, using the System's actuarial funding method (projected unit credit) and based on covered payroll, was \$65,516 of which (assuming the same statutory contribution ratio) \$25,328 is associated with employees and \$40,188 with the levee district; these actuarially determined contributions represent 7.5 percent and 11.9 percent of the levee district's covered payroll, respectively. The levee district's actuarially

**CADDO LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

determined contribution represents less than one percent of the total contribution required of all participating employees.

The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers. Information relating to the pension benefit obligation and the unfunded pension benefit obligation is not available as of at June 30, 1995. However, as of June 30, 1994, the pension benefit obligation was \$5,403,394,552. The System's net assets available for benefits on that date (valuation method used for balance sheet purposes) were \$3,246,471,162, leaving an unfunded pension benefit obligation of \$2,156,923,390.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's 1994 comprehensive annual financial report. Benefits granted by the System are guaranteed by the State of Louisiana under the Louisiana Constitution of 1974.

**5. POSTRETIREMENT HEALTH CARE  
AND LIFE INSURANCE BENEFITS**

The levee district provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the levee district's employees become eligible for these benefits if they reach normal retirement age while working for the levee district. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the levee district. The levee district recognizes the cost of providing these benefits (levee district portion of premiums) as an expenditure when paid during the year. For the year ended June 30, 1995, the cost of retiree benefits totaled \$8,513.

**6. CHANGES IN GENERAL  
LONG-TERM OBLIGATIONS**

General long-term obligations consist entirely of compensated absences. The following is a summary of long-term obligation transactions for the year ended June 30, 1995.

**CADDO LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Concluded)

Long-term obligations payable at July 1, 1994	\$35,447
Additions	18,998
Retirements	<u>(15,779)</u>
Long-term obligations payable at June 30, 1995	<u>\$38,666</u>

**7. LITIGATION AND CLAIMS**

At June 30, 1995, the levee district is involved in five lawsuits. Resolution of these matters should not materially affect the financial statements of the levee district.

**8. DEFERRED REVENUE**

Deferred revenue of \$18,137, as reflected on Statement A, represents payments received from individuals for surface leases for periods subsequent to June 30, 1995.

**9. LEVEE DISTRICT TAXES**

Article 6, Section 39 of the Louisiana Constitution of 1974 provides that, for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and for all other purposes incidental thereto, the levee district may annually levy a tax not to exceed five mills. If the levee district needs to raise additional funds, in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by the majority of the vote of the electors. The levee district has levied a tax of 3.21 mills.

**CADDO LEVEE DISTRICT  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULE  
For the Year Ended June 30, 1995**

**PER DIEM PAID BOARD MEMBERS**

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

Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the general administrative expenditures of the General Fund. Board members are paid \$75 per day, to a maximum of 36 days per year, for board meetings and official business.



**CADDO LEVEE DISTRICT  
STATE OF LOUISIANA**Schedule of Per Diem Paid Board Members  
For the Year Ended June 30, 1995

	<u>NUMBER</u>	<u>AMOUNT</u>
James G. Adger	15	\$1,125
Sam Barnwell	32	2,400
Dan P. Logan, Jr., President	16	1,200
Murrell Stansell	12	900
Floyd Washington	16	1,200
Harold White	24	1,800
Paul Wilson	18	1,350
Total		<u>\$9,975</u>

**OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following pages contain reports on internal control structure and compliance with laws and regulations required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.



DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

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August 22, 1995

Independent Auditor's Report on Internal Control Structure  
Based Solely on an Audit of the General Purpose Financial Statements

**BOARD OF LEVEE COMMISSIONERS**  
**OF CADDO LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
Shreveport, Louisiana

We have audited the general purpose financial statements of the Caddo Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1995, and have issued our report thereon dated August 22, 1995.

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.

Management of the Caddo Levee District 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 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 Caddo Levee District, for the year ended June 30, 1995, 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 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.

**EXHIBIT A**

LEGISLATIVE AUDITOR

BOARD OF LEVEE COMMISSIONERS  
OF CADDO LEVEE DISTRICT  
STATE OF LOUISIANA  
Internal Control Report  
August 22, 1995  
Page 2

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined previously.

Our comments on the internal control structure are intended for the information and use of the levee district and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

RE:MAN:dl

[CAD-LD]



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
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DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

August 22, 1995

Independent Auditor's Report on Compliance With Laws and  
Regulations Material to the General Purpose Financial Statements

**BOARD OF LEVEE COMMISSIONERS  
OF CADDO LEVEE DISTRICT  
STATE OF LOUISIANA**  
Shreveport, Louisiana

We have audited the general purpose financial statements of the Caddo Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1995, and have issued our report thereon dated August 22, 1995.

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, and contracts applicable to the Caddo Levee District is the responsibility of the levee district's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the levee district's compliance with certain provisions of laws, regulations, and contracts. 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 herein under *Government Auditing Standards*.

Our comments on compliance with laws and regulations are intended for the information and use of the levee district and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle", is written over a large, faint circular watermark or ghost signature.

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

RE:MAN:dl  
(CAD-LD)

**EXHIBIT B**