

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 1997

September 23, 1997

Board of Commissioners
East Jefferson Levee District
203 Plauche Court
Harahan, Louisiana 70123

We have audited the component unit financial statements of the East Jefferson Levee District as of and for the year ended June 30, 1997, and have issued our report thereon dated September 23, 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 financial statements are free of material misstatement.

Compliance with laws, regulations, and contracts applicable to the East Jefferson 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 component unit financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Commissioners, management and Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Duplante, Hrapman, Hojar & Miller LLP

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 1997

(Continued)

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 reportable condition in which the design or operation of the specific 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 component unit 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 above.

This report is intended for the information of the Board of Commissioners, management, and Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Duplantier, Hopmann, Hogan & Mather LLP

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 1997

September 23, 1997

Board of Commissioners
East Jefferson Levee District
203 Plauche Court
Harahan, Louisiana 70123

We have audited the component unit financial statements of the East Jefferson Levee District as of and for the year ended June 30, 1997, and have issued our report thereon, dated September 23, 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 financial statements are free of material misstatement.

Management of the East Jefferson 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 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 component unit financial statements of East Jefferson Levee District for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 1997

<u>NAME</u>	
Glenn Bergeron	\$2,025
Walter Dabbs	2,700
Ronald Zibilich	2,700
Marianne Morales Zimmer	<u>675</u>
TOTAL	<u>\$8,100</u>

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. During the period of an emergency as declared and determined by the Governor, the Levee District shall be authorized to hold as many meetings or emergency activities as the Board deems necessary, and the members shall be paid per diem for such meetings or activities.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
SUPPLEMENTARY INFORMATION
JUNE 30, 1997

SPECIAL REVENUE FUNDS

LEVEE IMPROVEMENT FUND:

The Levee Improvement Fund is used to account for funds that have been specifically dedicated for the purpose of paying the required financial contributions of the Levee District toward the Lake Pontchartrain and Vicinity Hurricane Protection Project High Level Plan.

LAND SETTLEMENT FUND:

The Land Settlement Fund is used to reserve funds that may be needed to satisfy law suits.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1997

	LEVEE IMPROVEMENT FUND	LAND SETTLEMENT FUND	TOTAL
REVENUE:			
Taxes	\$ 515,193	\$ --	\$ 515,193
Use of money and property	331,376	13,399	344,775
Total	<u>846,569</u>	<u>13,399</u>	<u>859,968</u>
EXPENDITURES:			
Levee construction	45,863	--	45,863
Other	145	--	145
Total	<u>46,008</u>	<u>--</u>	<u>46,008</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>800,561</u>	<u>13,399</u>	<u>813,960</u>
Other financing sources (uses):			
Interfund transfers in	--	--	--
Interfund transfers out	--	(13,407)	(13,407)
Total	<u>--</u>	<u>(13,407)</u>	<u>(13,407)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	800,561	(8)	800,553
Fund balance - beginning of year	4,403,100	271,708	4,674,808
Residual equity transfer	<u>2,000,000</u>	<u>--</u>	<u>2,000,000</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,203,661</u>	<u>\$ 271,700</u>	<u>\$ 7,475,361</u>

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
JUNE 30, 1997

ASSETS

	<u>LEVEE IMPROVEMENT FUND</u>	<u>LAND SETTLEMENT FUND</u>	<u>TOTAL</u>
Cash	\$ 45,858	\$ --	\$ 45,858
Investments (cost)	7,151,158	266,200	7,417,358
Receivables	52,508	5,500	58,008
 TOTAL ASSETS	 \$ 7,249,524	 \$ 271,700	 \$ 7,521,224

LIABILITIES AND FUND EQUITY

LIABILITIES:			
Due to general fund	\$ 45,863	\$ --	\$ 45,863
FUND EQUITY:			
Fund balance:			
Reserved for levee improvements	7,203,661	---	7,203,661
Unreserved-undesignated	--	271,700	271,700
Total	7,203,661	271,700	7,475,361
 TOTAL LIABILITIES AND FUND EQUITY	 \$ 7,249,524	 \$ 271,700	 \$ 7,521,224

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

12. POSTRETIREMENT HEALTH CARE BENEFITS:

The Board of Commissioners of the Levee District has established the policy of providing certain continuing health care insurance benefits for its retired employees. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the District. Upon retirement, all full-time Levee District employees become eligible to receive these benefits. As of year end, ten retirees were eligible to receive benefits and were doing so. The Levee District's costs of providing retiree health care insurance benefits are recognized as expenses when the monthly premiums are paid. For the year ended June 30, 1997, the total cost of retiree's premiums was \$30,120.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

9. JOINT VENTURES:

There exists a joint agreement between the Levee District and the Greater New Orleans Expressway Commission. The agreement is for the Greater New Orleans Expressway Commission to provide police communication services. The services will be provided for an annual fee of sixty thousand dollars (\$60,000) payable by the Levee District in equal monthly installments of five thousand dollars (\$5,000). The agreement is for a primary term of equal to thirty-six (36) months beginning November 15, 1996. However, either party may terminate this agreement at any time by giving thirty (30) days prior written notice to the other party of its intent to terminate this agreement. The agreement was made under the authority of Article VII Section 3 of the Louisiana Constitution, the Local Services Law, and L.R.S. 33:1321; that a political subdivision may exercise and perform any authorized power and function with cooperation with another political subdivision. The Levee District's expenditures for the year ended June 30, 1997 relating to this joint agreement was \$37,500.

10. USE OF ESTIMATES IN PREPARATION OF COMPONENT UNIT FINANCIAL STATEMENTS:

The preparation of component unit financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the component unit financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

11. DEFERRED COMPENSATION PENSION FUND:

The Louisiana Public Employees Deferred Compensation Plan (the Plan) was adopted by the Louisiana Deferred Compensation Commission effective September 15, 1982. The plan was established in accordance with Louisiana Revised Statutes 42:1301 through 42:1308 and section 457 of the Internal Revenue Code of 1954, as amended, for the purpose of providing supplemental retirement income to employees by permitting them to defer a portion of compensation to be invested and distributed in accordance with the terms of the plan.

All deferred compensation, property and rights purchased with deferred compensation and income or earnings attributable to deferred compensation, property or rights shall constitute assets of the State of Louisiana and remain (until made available to a participant or beneficiary) the property of the State of Louisiana, subject only to the claims of the general creditors of the State of Louisiana. The maximum amount of compensation which may be deferred during a calendar year shall not exceed the lesser of 25% of a participant's adjusted gross income or \$7,500.

Contributions to the Plan by employees totaled \$8,777 for the year ended June 30, 1997. The Levee District does not contribute to the Plan.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

6. INTERFUND RECEIVABLES/PAYABLES:

The following is a summary of interfund receivables and payables at June 30, 1997:

<u>AMOUNT</u>	<u>DUE FROM</u>	<u>DUE TO</u>
\$ <u>45,863</u>	Special Revenue Funds	General Fund - Levee Construction Cost

7. LEVEE IMPROVEMENT PROJECTS:

The Levee District is a participant in the federal-local levee improvement project. The hurricane protection project involves the reshaping and heightening of the lakefront levee, and construction of flood walls atop the 17th Street canal levee and the levee separating Jefferson and St. Charles parishes. It is estimated that East Jefferson Levee District's share of the project will be approximately \$26,607,000 before estimated federal credits of approximately \$18,625,000 for an estimated total cash cost of \$7,982,000. The Levee District's actual cash contribution through June 30, 1997 is \$1,308,000. The liability for the Levee District's share of the project is \$-0- at June 30, 1997 since the costs incurred to date have been paid through actual cash payments and the use of federal credits earned. Presently, the estimated payments to the Army Corp of Engineers for East Jefferson Levee District's share of the project is shown below for future phases of the improvement projects to be completed.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>
1998	\$1,693,000
1999	495,000
2000	323,000
2001	453,000
2002	380,000
Subsequent to 2002	<u>3,330,000</u>
	<u>\$6,674,000</u>

8. FUND BALANCE RESERVES:

The reserves represent funds that are not appropriable for expenditure or legally segregated for a specific purpose. A summary of the changes in the fund balance reserves follows:

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE LEVEE IMPROVEMENTS FUND</u>
Reserve 6-30-96	\$108,922	\$4,403,100
Additions	--	2,846,569
Payments	<u>(108,922)</u>	<u>(46,008)</u>
Reserve 6-30-97	<u>\$ --</u>	<u>\$7,203,661</u>

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

5. DEPOSITS AND INVESTMENTS: (Continued)

Deposits:

As of June 30, 1997 the confirmed bank balances were \$487,270. All of the Levee District's bank deposits were covered by federal depository insurance or collateral held by the federal Reserve Bank in the name of the Levee District's custodial bank with a pledge restraint to the Levee District.

Investments:

The Levee District invests idle funds under LRS 49-327B. The Levee District is authorized and directed to invest monies under their control and not on deposit in the state treasury, which they in their discretion may determine to be available for investment, in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

The Levee District's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Levee District or its agent in the Levee District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the brokers' or dealers' trust department or agent in the Levee District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Levee District's name.

	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	<u>1</u>	<u>2</u>	<u>3</u>		
Investment - U.S. Treasury Bills	\$ 261,097	\$ --	\$ --	\$ 261,097	\$ 261,097
Investment - U.S. Treasury Notes	5,175,115	--	--	5,175,115	5,175,115
Investment - U.S. Treasury Security Strips	529,986	--	--	529,986	529,986
Investment - FHLB Discount Notes	1,885,772	--	--	1,885,772	1,885,772
Repurchase agreements	660,000	--	--	660,000	660,000
	<u>\$8,511,970</u>	<u>\$ --</u>	<u>\$ --</u>	<u>8,511,970</u>	<u>8,511,970</u>
Investment in state treasurer's investment pool				<u>36,350</u>	<u>36,350</u>
TOTAL INVESTMENTS				<u>\$8,548,320</u>	<u>\$8,548,320</u>

Interest earned on the Special Revenue - Land Settlement Fund is transferred to the General Fund.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

3. PENSION PLAN: (Continued)

All permanent employees, who meet the age requirements and who are paid wholly or in part from the District funds must be members of the System. Under the plan, employees who retire, with 30 years of accredited service, or at or after age 60 with at least 10 years of accredited service are entitled to a retirement benefit, payable monthly for life, equal to 2-1/2% of their average compensation for each year of creditable service plus three hundred dollars. Participants who became members of the System on or after July 1, 1986, are not eligible for the \$300 addition to the annual retirement benefit formula. Effective January 1, 1996, employees may choose to retire with 20 years of service at any age, with an actuarial reduced benefit.

Annual retirement benefits paid under the plan cannot exceed the lesser of 100% of average compensation or certain specified dollar amounts of actuarially determined monetary limits which vary depending upon the member's age at retirement. A member leaving employment before attaining minimum retirement age but after completing certain minimum service requirements becomes eligible for a benefit provided the member lives to the minimum service retirement age and does not withdraw his accumulated contributions. The System also provides death and disability benefits. Benefits are established by state statute.

State statute requires employees covered by the plan to contribute 7.5% of their salary to the System; the District must contribute 12.4% of the salary for each employee for a total contribution of 19.9% per covered employee at June 30, 1997. The District's contributions to the System for the years ended June 30, 1997, 1996, and 1995 were \$142,219, \$160,732 and \$126,334, respectively, equal to the required contributions for each year.

4. LITIGATION:

The Levee District is a defendant in lawsuits involving the Levee District's right-of-way and civil damages. The Levee District's legal counsel has reviewed all claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the district. The legal counsel is of the opinion that liability from suits is questionable or insurance coverage appears adequate and that no significant monetary liability is contemplated at this time or it is too early to render an opinion regarding suits. The liability amount, if any, cannot be reasonably estimated at this time.

5. DEPOSITS AND INVESTMENTS:

The following are the components of the Levee District's deposits and investments at June 30, 1997:

Deposits - cash in bank	\$ 438,232
Deposits - cash held by State Treasurer	36,350
Investments	<u>8,511,970</u>
 TOTAL	 <u>\$8,986,552</u>

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

ANNUAL AND SICK LEAVE: (Continued)

FASB 43, is estimated to be \$114,616 for the accrual of annual leave pay and \$3,630 for the accrual of compensatory time for a total of \$118,246. This liability has been recorded in the accompanying financial statements as a long-term debt in the General Long-Term Debt Account Group.

FUND EQUITY:

Reserves:

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW:

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

2. GENERAL FIXED ASSETS:

A summary of changes in general fixed assets follows:

	JULY 1, 1996 BEGINNING BALANCE	ADDITIONS	DEDUCTIONS	JUNE 30, 1997 ENDING BALANCE
Land	\$ 1,482,361	\$ --	\$ --	\$1,482,361
Building	1,365,113	186,850	--	1,551,963
Equipment	1,726,379	351,255	220,668	1,856,966
Construction in progress	<u>75,201</u>	<u>111,649</u>	<u>186,850</u>	<u>--</u>
TOTAL	<u>\$ 4,649,054</u>	<u>\$649,754</u>	<u>\$407,518</u>	<u>\$4,891,290</u>

3. PENSION PLAN:

Substantially all employees of the Levee District are members of the Louisiana State Employees Retirement System (the System). The System, a cost-sharing, multiple-employer defined benefit public employee retirement system, is controlled and administered by a separate Board of Trustees. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at P. O. Box 44213, Baton Rouge, Louisiana 70804-4213.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

OTHER FINANCING SOURCES (USES):

Transfers between funds which are not obligated to be repaid are accounted for as other financing sources (uses).

RESIDUAL EQUITY TRANSFER:

A residual equity transfer represents a nonrecurring or nonroutine transfer between funds. Because these transfers are not associated with the operations of the governmental funds, they are recorded as adjustments to fund balance.

BUDGETARY ACCOUNTING:

The Levee District prepares a budget for the General Fund and Special Revenue Fund - Levee Improvement Fund in accordance with Louisiana statutes. The State Department of Public Works reviews the budget and makes recommendations pertaining thereto to the Levee District and to the Legislative Auditor. Budgeted amounts, prepared on the modified accrual basis of accounting, included in the accompanying financial statements include original adopted budget amounts and all subsequent amendments.

A budget was not adopted for the Special Revenue Fund - Land Settlement Fund because expenditures were not expected for 1997. Therefore, budget comparisons are not included in the accompanying financial statements for the Special Revenue Fund - Land Settlement Fund.

INVESTMENTS:

Investments are recorded at cost which approximates market value. These investments are fully secured through the pledge of bank-owned securities or federal deposit insurance.

ANNUAL AND SICK LEAVE:

Levee District employees, both classified and unclassified, earn annual and sick leave at various rates depending on the number of years in service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave and up to 360 hours of unused annual compensatory time at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave and compensatory time in excess of 300 hours and 360 hours respectively, plus the number of hours of unused sick leave are computed and considered in computing the years of service for retirement benefit purposes. The liability for unused annual leave payable at June 30, 1997, computed in accordance with NCGA Statement No. 4 and

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

FUND ACCOUNTING: (Continued)

Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

FIXED ASSETS AND GENERAL LONG-TERM DEBT OBLIGATIONS:

Fixed assets used in the governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. 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.

Long-term obligations 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, not with measurement of results of operations.

BASIS OF ACCOUNTING:

Basis of Accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The records are maintained on the modified accrual basis of accounting utilizing the following practices:

Revenues:

Ad valorem taxes and the related State revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed for the calendar year and become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Interest income on investments is recorded when the income is earned.

Substantially all other revenues are recorded when received.

Expenditures:

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

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NATURE OF OPERATIONS:

The East Jefferson Levee District was created by the Louisiana State legislature, Act 716 of 1978 effective January 1, 1979 from territory removed from the Pontchartrain Levee District. The Levee District includes all or portions of the following parishes: Jefferson Parish East at Mississippi River, South of Lake Pontchartrain, bordered by St. Charles 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 the provisions of Louisiana statutes. Members of the board are appointed by the governor.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

REPORTING ENTITY:

The East Jefferson Levee District prepares its financial statements in accordance with the standards issued by the Governmental Accounting Standards Board. However, the Levee District has been defined within the governmental reporting entity of the State of Louisiana. Therefore, the accompanying financial statements of the Levee District contain sub-account information of the various funds of the State of Louisiana. As such the accompanying statements present information only as to the transactions of the programs of the Levee District as authorized by Louisiana statutes and administrative regulations.

Annually, the State of Louisiana issues general purpose financial statements which include the activity contained in the accompanying financial statements. The general purpose financial statements are issued by the Louisiana Division of Administration, State Accounting Office and audited by the Louisiana Legislative Auditor.

FUND ACCOUNTING:

The accounts of the Levee District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the accompanying financial statements are described as follows:

General Fund:

The General Fund is the general operating fund of the district. It is used to account for all financial resources except those required to be accounted for in another fund.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND AND SPECIAL REVENUE FUND - LEVEE IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 1997

	GENERAL FUND			SPECIAL REVENUE FUND LEVEE IMPROVEMENT FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES: (Note 1)						
Taxes	\$ 2,850,000	\$ 2,960,979	\$ 110,979	\$ 500,000	\$ 515,193	\$ 15,193
Intergovernmental receipts	461,316	461,316	--	--	--	--
Use of money and property	207,000	100,394	(106,606)	150,000	331,376	181,376
Other revenues	42,000	56,293	14,293	--	--	--
Total	3,560,316	3,578,982	18,666	650,000	846,569	196,569
EXPENDITURES: (Note 1)						
Personnel services:						
Administration	120,000	117,081	2,919	--	--	--
Levee maintenance	620,000	597,336	22,664	--	--	--
Police	630,000	636,203	(6,203)	--	--	--
Employees' related benefits	510,660	480,743	29,917	--	--	--
Travel	15,000	12,339	2,661	--	--	--
Contractual services	124,864	136,323	(11,459)	--	--	--
Operating supplies	51,000	57,272	(6,272)	--	--	--
Equipment purchases	365,000	351,255	13,745	--	--	--
Capital outlay - construction	200,000	111,649	88,351	--	--	--
Insurance general	201,000	205,039	(4,039)	--	--	--
Operating services:						
Administration	56,650	58,086	(1,436)	--	--	--
Levee maintenance	226,400	187,698	38,702	--	--	--
Police	97,400	86,279	11,121	--	--	--
Levee construction	--	--	--	40,000	45,863	(5,863)
Levee recreation projects	50,000	40,727	9,273	--	--	--
Deductions from ad valorem taxes for:						
Assessors	64,304	63,363	941	--	--	--
Sheriffs	5,800	4,830	970	--	--	--
Retirement system	103,557	103,557	--	--	--	--
Other	--	42,222	(42,222)	--	145	(145)
Total	3,441,635	3,292,002	149,633	40,000	46,008	(1,008)
Excess of revenues over expenditures	118,681	286,980	168,299	610,000	800,561	190,561
OTHER FINANCING SOURCES (USES): (Note 1)						
Interfund transfers in	--	13,407	13,407	--	--	--
Interfund transfers out	--	--	--	--	--	--
Total	--	13,407	13,407	--	--	--
Excess of revenues and other sources over expenditures and other uses	118,681	300,387	181,706	610,000	800,561	190,561
Fund balances - beginning of year	3,277,216	3,277,216	--	4,403,100	4,403,100	--
Residual equity transfer (Note 1)	(2,000,000)	(2,000,000)	--	2,000,000	2,000,000	--
FUND BALANCES - END OF YEAR	\$ 1,395,897	\$ 1,577,603	\$ 181,706	\$ 7,013,100	\$ 7,203,661	\$ 190,561

See accompanying notes.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1997

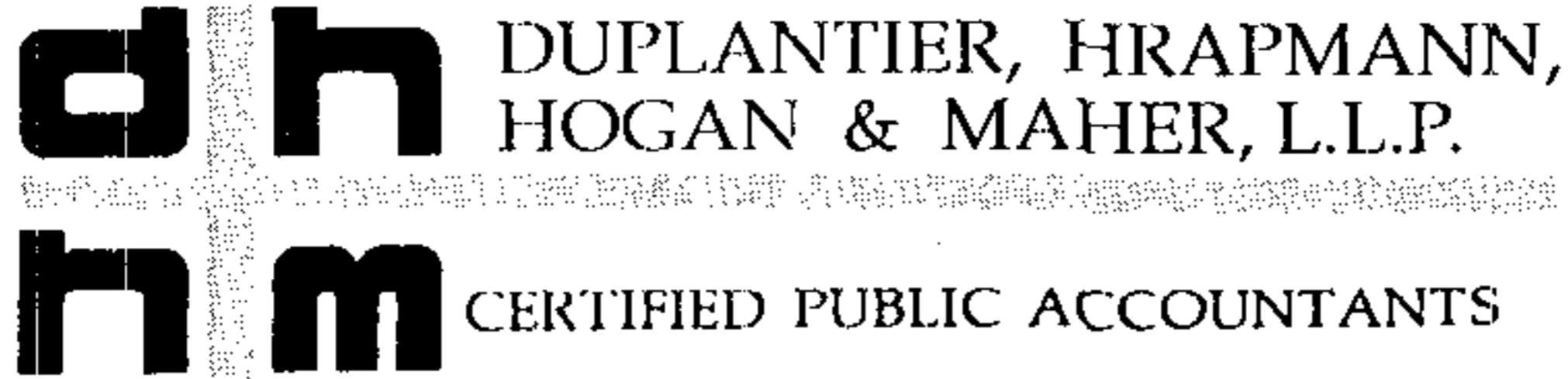
ASSETS

	GOVERNMENTAL FUND TYPE		ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY) JUNE 30, 1997
	GENERAL	SPECIAL REVENUE	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
Cash (Note 5)	\$ 392,374	\$ 45,858	\$ ---	\$ ---	\$ 438,232
Cash in State Treasury (Note 5)	36,350	--	---	---	36,350
Investments (cost) (Notes 1 and 5)	1,094,612	7,417,358	---	---	8,511,970
Receivables	86,597	58,008	---	---	144,605
Land (Notes 1 and 2)	--	--	1,482,361	---	1,482,361
Buildings (Notes 1 and 2)	--	--	1,551,963	---	1,551,963
Other assets	125,339	--	---	---	125,339
Equipment (Notes 1 and 2)	--	--	1,856,966	---	1,856,966
Due from levee improvement fund (Note 6)	45,863	--	---	---	45,863
Amount to be provided for accrual of annual leave	--	--	---	114,616	114,616
Amount to be provided for accrual of compensatory time	--	--	---	3,630	3,630
TOTAL ASSETS	\$ 1,781,135	\$ 7,521,224	\$ 4,891,290	\$ 118,246	\$ 14,311,895

LIABILITIES AND FUND EQUITY

LIABILITIES:					
Accounts payable	\$ 126,657	\$ --	\$ ---	\$ ---	\$ 126,657
Payroll deductions	19,353	--	---	---	19,353
Other liabilities (Note 1)	57,522	--	---	118,246	175,768
Due to general fund (Note 6)	--	45,863	---	---	45,863
Total	203,532	45,863	---	118,246	367,641
FUND EQUITY:					
Investment in general fixed assets (Note 2)	--	--	4,891,290	---	4,891,290
Fund balances:					
Reserved for levee improvements (Note 8)	--	7,203,661	---	---	7,203,661
Unreserved - undesignated	1,577,603	271,700	---	---	1,849,303
Total	1,577,603	7,475,361	4,891,290	---	13,944,254
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,781,135	\$ 7,521,224	\$ 4,891,290	\$ 118,246	\$ 14,311,895

See accompanying notes.



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INDEPENDENT AUDITOR'S REPORT

September 23, 1997

Board of Commissioners
East Jefferson Levee District
203 Plauche Court
Harahan, Louisiana 70123

We have audited the combined component unit financial statements of the East Jefferson Levee District, and the combining and individual fund financial statements of the Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, as listed in the foregoing table of contents. These financial statements are the responsibility of the Levee District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the East Jefferson Levee District at June 30, 1997, and the results of operations and changes in fund balance for the year then ended, in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund component unit financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of the East Jefferson Levee District as of June 30, 1997, and results of operations and changes in fund balance for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the combined financial statements and the combining and individual fund financial statements taken as a whole. The accompanying supplementary information as listed in the foregoing table of contents is presented as additional analytical data and is not a required part of the component unit financial statements. The supplementary information has been subjected to the tests and other auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 23, 1997 on our consideration of the East Jefferson Levee District's internal control structure and a report dated September 23, 1997 on its compliance with laws and regulations.

Duplantier, Hrapmann, Hogan & Maher LLP

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT

JUNE 30, 1997

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R E P O R T

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT

JUNE 30, 1997

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 OCT 08 1997