

STATE OF LOUISIANA
 EAST JEFFERSON LEVEE DISTRICT
 COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
JUNE 30, 1996

ASSETS

	<u>LEVEE IMPROVEMENT FUND</u>	<u>LAND SETTLEMENT FUND</u>	<u>TOTAL</u>
Cash	\$ 1,337	\$ --	\$ 1,337
Cash in State Treasury	--	8	8
Investments (cost)	4,421,011	--	4,421,011
Due from general fund	--	271,700	271,700
	<u>-----</u>	<u>-----</u>	<u>-----</u>
TOTAL ASSETS	<u>\$ 4,422,348</u>	<u>\$ 271,708</u>	<u>\$ 4,694,056</u>

LIABILITIES AND FUND EQUITY

LIABILITIES:			
Due to general fund	\$ 19,248	\$ --	\$ 19,248
	<u>-----</u>	<u>-----</u>	<u>-----</u>
FUND EQUITY:			
Fund balance:			
Reserved for levee improvements	4,403,100	--	4,403,100
Unreserved-undesignated	--	271,708	271,708
Total	<u>4,403,100</u>	<u>271,708</u>	<u>4,674,808</u>
	<u>-----</u>	<u>-----</u>	<u>-----</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 4,422,348</u>	<u>\$ 271,708</u>	<u>\$ 4,694,056</u>

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, 1996

	LEVEE IMPROVEMENT FUND	LAND SETTLEMENT FUND	TOTAL
REVENUE:			
Taxes	\$ 491,679	\$ --	\$ 491,679
Use of money and property	203,715	15,068	218,783
Total	<u>695,394</u>	<u>15,068</u>	<u>710,462</u>
EXPENDITURES:			
Levee construction	1,327,250	--	1,327,250
Other	70	--	70
Total	<u>1,327,320</u>	<u>--</u>	<u>1,327,320</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(631,926)</u>	<u>15,068</u>	<u>(616,858)</u>
Other financing sources (uses):			
Interfund transfers in	--	--	--
Interfund transfers out	--	(15,068)	(15,068)
Total	<u>--</u>	<u>(15,068)</u>	<u>(15,068)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(631,926)</u>	<u>--</u>	<u>(631,926)</u>
Fund balance - beginning of year	<u>5,035,026</u>	<u>271,708</u>	<u>5,306,734</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,403,100</u>	<u>\$ 271,708</u>	<u>4,674,808</u>

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
SUPPLEMENTARY INFORMATION
JUNE 30, 1996

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
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 1996

<u>NAME</u>	
George Mahl, III	\$1,125
Ned Chiro	1,275
Patrick T. Bossetta	1,800
Walter Dabbs	900
Ronald Zibilich	900
Marianne Morales Zimmer	<u>675</u>
TOTAL	<u>\$6,675</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
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, 1996

September 18, 1996

Board of Commissioners
East Jefferson Levee District
203 Plaque 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, 1996, and have issued our report thereon, dated September 18, 1996.

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, 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 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
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, 1996

(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, Hapman, Hogan & Maher LLP

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

12. FAIR VALUE OF FINANCIAL INSTRUMENTS: (Continued)

The following assumptions were made by the Levee District in estimating the fair value of its financial instruments at June 30, 1996:

- a) Cash and Cash in State Treasury:
The carrying amount approximates fair value because of the short maturities of those instruments.
- b) Investments:
The estimated fair value of investments is based on quoted market prices for similar investments.

The estimated fair values of financial assets and financial liabilities of the Levee District at June 30, 1996 are as follows:

	<u>CARRYING AMOUNT</u>	<u>FAIR VALUE</u>
Financial assets:		
Cash	\$ 271,682	\$ 271,682
Cash in State Treasury	\$ 15,164	\$ 15,164
Investments	<u>\$7,708,680</u>	<u>\$7,708,680</u>

13. 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 \$1,980 for the year ended June 30, 1996. The Levee District does not contribute to the Plan.

14. 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 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, 1996, the total cost of retiree's premiums was \$25,488.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT

JUNE 30, 1996

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STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

3. PENSION PLAN: (Continued)

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 total payroll of all covered employees of the System for the year ended June 30, 1996, is not available. For the year ended June 30, 1996, the Levee District's total payroll was \$1,387,341, and its payroll covered by the System was \$1,312,122.

Substantially, 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 per cent of gross salary, to which the Levee District adds a 12.0 per cent contribution as an employer's match. The Levee District's statutory and actual contribution for the year ended June 30, 1996, was \$259,142, of which \$98,410 was contributed by employees and \$160,732 was 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 \$259,142, of which (assuming the same statutory contribution ratio) \$98,410 is associated with employees and \$160,732 with the Levee District; these actuarially determined contributions represent 7.5 percent and 12.0 percent of the Levee District's covered payroll, respectively. The Levee District's actuarially determined contribution represents less than one per cent of the total actuarially required contribution of all participating employers and 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 projected credited 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 June 30, 1996. However, as of June 30, 1995, the pension benefit obligation was \$5,696,909,256. The System's net assets available for benefits on that date (valuation method used for balance purposes) were \$3,612,628,700, leaving an unfunded pension benefit obligation of \$2,084,280,556.

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

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Baton Rouge, Louisiana

R E P O R T

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT

JUNE 30, 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 OCT 09 1996

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, 1996

September 18, 1996

Board of Commissioners
East Jefferson Levee District
203 Plaque 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, 1996, and have issued our report thereon dated September 18, 1996.

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*.

We noted the following immaterial instance of noncompliance:

Investment Policy:

During the course of our audit, it was noted that for the year ended June 30, 1996, the District did not develop and adopt an investment policy. L.R.S. 33:2955(D) requires all political subdivisions of the state shall develop and adopt an investment policy that details and clarifies investment objectives and procedures and constraints necessary to reach such objectives. We recommend that the District develop and adopt the required investment policy to comply with the law. It is our understanding that the District has since developed an investment policy which is expected to be adopted in the near future.

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.

Duglaster, Hupmann, Hogan & Maher LLP

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

10. JOINT VENTURES: (Continued)

Greater New Orleans Expressway Commission and the Parish of Jefferson agreed to provide a cash contribution equal to one-third (1/3) of the total bicycle path construction cost. The entities were selected because the Greater New Orleans Causeway Commission has jurisdiction and control of the bridge spanning Lake Pontchartrain known as the Causeway Bridge and the south shore toll plaza of the Causeway Bridge is located within the boundaries of the Levee District and the Parish of Jefferson. The control of the agreement requires the Levee District to use all funds provided by the Greater New Orleans Causeway Commission and the Parish of Jefferson to complete the construction of the bicycle path. The following is a summary of expenditures and reimbursements for agreement through June 30, 1996:

Cost incurred		\$206,475
Reimbursement received:		
Greater New Orleans Causeway Commission	\$68,825	
Parish of Jefferson	<u>68,825</u>	
Total reimbursement		<u>137,650</u>
Cost incurred by Levee District		<u>\$ 68,825</u>

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 April 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.

11. 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.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS:

Generally accepted accounting principles require the disclosure of fair value of financial instruments for which it is considered practical to estimate fair value. Because no readily available market exists for a portion of the reporting entity's financial instruments, fair value for these instruments are based on judgments regarding current economic conditions, interest rate risk characteristics, loss experience and other factors. Many of these estimates involve uncertainties and matters of significant judgment and cannot be determined with precision. Therefore, the calculated fair value estimates cannot always be substantiated by comparison to independent markets and, in many cases, may not be realized in a current sale of the instrument. Changes in assumptions could significantly affect the estimates.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

8. 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 \$25,450,000 before estimated federal credits of approximately \$19,705,400 for an estimated total cash cost of \$5,539,600. The Levee District's actual cash contribution through June 30, 1996 is \$1,308,000. The liability for the Levee District's share of the project is \$-0- at June 30, 1996 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>
1997	\$ 780,000
1998	6,000
1999	92,000
2000	2,460,000
Subsequent to 2000	<u>893,600</u>
	<u>\$4,231,600</u>

9. 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</u>	
		<u>LEVEE IMPROVEMENTS FUND</u>	<u>DEBT SERVICE</u>
Reserve 6-30-95	\$ --	\$5,035,026	\$ 120,000
Additions	108,922	695,394	--
Payments	--	<u>(1,327,320)</u>	<u>(120,000)</u>
Reserve 6-30-96	<u>\$108,922</u>	<u>\$4,403,100</u>	<u>\$ --</u>

10. JOINT VENTURES:

There exists a cooperative endeavor agreement between the Levee District, the Greater New Orleans Expressway Commission and the Parish of Jefferson. The agreement is to pay the cost of the construction of a bicycle path around and under the Causeway Bridge south shore toll plaza by the U. S. Army Corp of Engineers. The total estimated cost of the bicycle path is \$300,000. The Levee District, the

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

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 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 estimated at this time.

5. CHANGES IN GENERAL LONG-TERM OBLIGATIONS:

The following is a summary of the long-term obligation transactions for the year ended June 30, 1996:

	<u>BONDS PAYABLE</u>
Long-term obligation payable at July 1, 1995	\$120,000
Additions	
Retirements	<u>(120,000)</u>
 LONG-TERM OBLIGATION AT JUNE 30, 1996	 \$ <u> --</u>

The District issued \$1,000,000 of levee improvement bonds dated December 1, 1981. The bonds are payable annually at 12% interest. The bonds matured in 1996.

6. DEPOSITS AND INVESTMENTS:

The following are the components of the Levee District's deposits and investments at June 30, 1996:

Deposits - cash in bank	\$ 271,682
Deposits - cash held by State Treasurer	15,164
Investments	<u>7,708,680</u>
 TOTAL	 <u>\$7,995,526</u>

Deposits:

As of June 30, 1996 the confirmed bank balances were \$313,643. 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.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

ANNUAL AND SICK LEAVE: (Continued)

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, 1996, computed in accordance with NCGA Statement No. 4 and FASB 43, is estimated to be \$101,807 for the accrual of annual leave pay and \$2,104 for the accrual of compensatory time for a total of \$103,911. 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, 1995 BEGINNING BALANCE	ADDITIONS	DEDUCTIONS	JUNE 30, 1996 ENDING BALANCE
Land	\$1,482,361	\$ --	\$ --	\$1,482,361
Buildings	1,365,113	--	--	1,365,113
Equipment	1,435,359	331,877	40,857	1,726,379
Construction in progress	<u> --</u>	<u>75,201</u>	<u> --</u>	<u>75,201</u>
TOTAL	<u>\$4,282,833</u>	<u>\$407,078</u>	<u>\$40,857</u>	<u>\$4,649,054</u>

3. PENSION PLAN:

Substantially all Levee District employees are members of the Louisiana State Employees Retirement System (System), a multiple-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

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF ACCOUNTING: (Continued)

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 not recognized until due.

OTHER FINANCING SOURCES (USES):

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

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 1996. Also, a budget was not adopted for the Debt Service Fund because budgetary control of these expenditures is achieved through general obligation bond indentures. Therefore, budget comparisons are not included in the accompanying financial statements for the Special Revenue Fund - Land Settlement Fund, and the Debt Service 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

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

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.

Debt Service Funds:

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

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.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

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, 1996

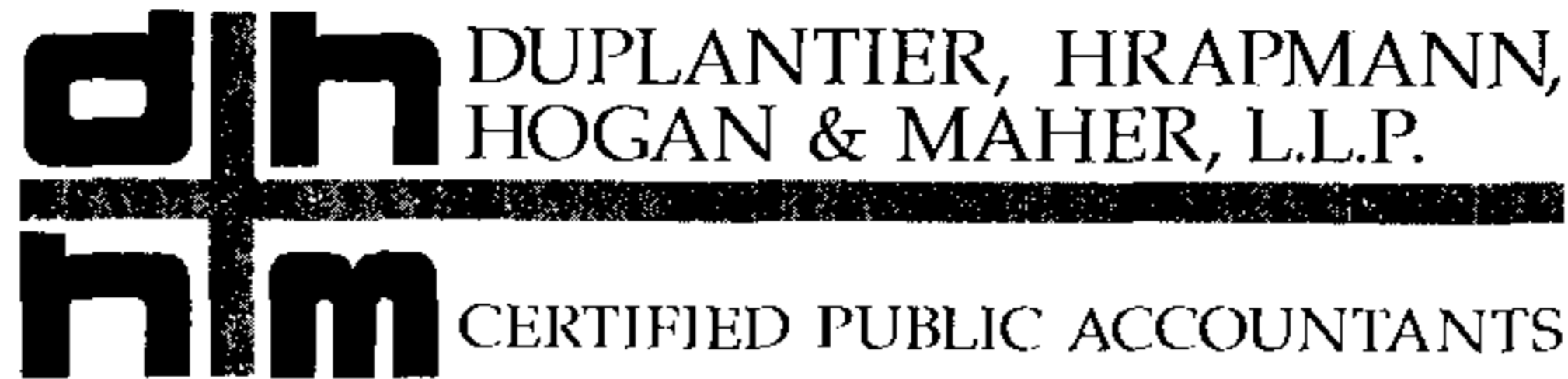
	GENERAL FUND			SPECIAL REVENUE FUND LEVEE IMPROVEMENT FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES: (Note 1)						
Taxes	\$ 2,800,000	\$ 2,831,792	\$ 31,792	\$ 490,000	\$ 491,679	\$ 1,679
Intergovernmental receipts	480,000	486,106	6,106	--	--	--
Use of money and property	144,500	198,107	53,607	175,000	203,715	28,715
Other revenues	12,000	18,862	6,862	--	--	--
Total	<u>3,436,500</u>	<u>3,534,867</u>	<u>98,367</u>	<u>665,000</u>	<u>695,394</u>	<u>30,394</u>
EXPENDITURES: (Note 1)						
General administrative	194,100	191,831	2,269	--	--	--
Employees related benefits	505,500	516,837	(11,337)	--	--	--
Travel	6,500	5,587	913	--	--	--
Capital outlay - construction	--	75,201	(75,201)	--	--	--
Contractual services	265,364	274,672	(9,308)	--	--	--
Materials and supplies	78,000	89,427	(11,427)	--	--	--
Equipment purchases	325,000	331,877	(6,877)	--	--	--
Deductions from ad valorem taxes for:						
Assessors	63,309	66,076	(2,767)	--	--	--
Sheriffs	5,765	9,182	(3,417)	--	--	--
Retirement systems	100,199	100,199	--	--	--	--
Levee construction	--	--	--	1,317,830	1,327,250	(9,420)
Levee maintenance	1,516,500	1,518,129	(1,629)	--	--	--
Recreation expenses	135,000	135,846	(846)	--	--	--
Other	4,000	4,620	(620)	--	70	(70)
Total	<u>3,199,237</u>	<u>3,319,484</u>	<u>(120,247)</u>	<u>1,317,830</u>	<u>1,327,320</u>	<u>(9,490)</u>
Excess (deficiency) of revenue over expenditures	<u>237,263</u>	<u>215,383</u>	<u>(21,880)</u>	<u>(652,830)</u>	<u>(631,926)</u>	<u>20,904</u>
OTHER FINANCING SOURCES (USES): (Note 1)						
Interfund transfers in	--	15,068	15,068	--	--	--
Interfund transfers out	--	--	--	--	--	--
Total	<u>--</u>	<u>15,068</u>	<u>15,068</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>237,263</u>	<u>230,451</u>	<u>(6,812)</u>	<u>(652,830)</u>	<u>(631,926)</u>	<u>20,904</u>
Fund balances - beginning of year	<u>3,046,765</u>	<u>3,046,765</u>	<u>--</u>	<u>5,035,026</u>	<u>5,035,026</u>	<u>--</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,284,028</u>	<u>\$ 3,277,216</u>	<u>\$ (6,812)</u>	<u>\$ 4,382,196</u>	<u>\$ 4,403,100</u>	<u>\$ 20,904</u>

See accompanying notes.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES, BY FUNDS
FOR THE YEAR ENDED JUNE 30, 1996

	GOVERNMENTAL FUND TYPE			TOTAL (MEMORANDUM ONLY) JUNE 30, 1996
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	
REVENUES:				
Taxes (Note 1)	\$ 2,831,792	\$ 491,679	\$ --	\$ 3,323,471
Intergovernmental receipts	486,106	--	--	486,106
Use of money and property	198,107	218,783	--	416,890
Other revenues	18,862	--	--	18,862
Total	<u>3,534,867</u>	<u>710,462</u>	<u>--</u>	<u>4,245,329</u>
EXPENDITURES: (Note 1)				
General administrative	191,831	--	--	191,831
Employees related benefits	516,837	--	--	516,837
Travel	5,587	--	--	5,587
Capital outlay-construction	75,201	--	--	75,201
Contractual services	274,672	--	--	274,672
Materials and supplies	89,427	--	--	89,427
Equipment purchases	331,877	--	--	331,877
Deductions from ad valorem taxes for:				
Assessors	66,076	--	--	66,076
Sheriffs	9,182	--	--	9,182
Retirement systems	100,199	--	--	100,199
Levee construction	--	1,327,250	--	1,327,250
Levee maintenance	1,518,129	--	--	1,518,129
Recreation expenses	135,846	--	--	135,846
Debt services:				
Bonds redeemed	--	--	120,000	120,000
Interest - bonds	--	--	14,400	14,400
Other	4,620	70	--	4,690
Total	<u>3,319,484</u>	<u>1,327,320</u>	<u>134,400</u>	<u>4,781,204</u>
Excess (deficiency) of revenue over expenditures	<u>215,383</u>	<u>(616,858)</u>	<u>(134,400)</u>	<u>(535,875)</u>
OTHER FINANCING SOURCES (USES): (Note 1)				
Interfund transfers in	15,068	--	--	15,068
Interfund transfers out	--	(15,068)	--	(15,068)
Total	<u>15,068</u>	<u>(15,068)</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	230,451	(631,926)	(134,400)	(535,875)
Fund balances - beginning of year	<u>3,046,765</u>	<u>5,306,734</u>	<u>134,400</u>	<u>8,487,899</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,277,216</u>	<u>\$ 4,674,808</u>	<u>\$ --</u>	<u>\$ 7,952,024</u>

See accompanying notes.



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INDEPENDENT AUDITOR'S REPORT

JAMES MAHER, JR., C.P.A.
(Retired)

A.J. DUPLANTIER, JR., C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR., C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., C.P.A.
(1920-1996)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA. C.P.A.'S

September 18, 1996

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, 1996, 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, 1996, 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, 1996, 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 18, 1996 on our consideration of the East Jefferson Levee District's internal control structure and a report dated September 18, 1996 on its compliance with laws and regulations.

Duplantier, Hrapmann, Hogan & Maher LLP

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1996

ASSETS

	GOVERNMENTAL FUND TYPE			ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY) JUNE 30, 1996
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
Cash (Note 6)	\$ 270,345	\$ 1,337	\$ --	\$ --	\$ --	\$ 271,682
Cash in State Treasury (Note 6)	15,156	8	--	--	--	15,164
Investments (cost) (Notes 1 and 6)	3,287,669	4,421,011	--	--	--	7,708,680
Receivables	18,270	--	--	--	--	18,270
Land (Notes 1 and 2)	--	--	--	1,482,361	--	1,482,361
Buildings (Notes 1 and 2)	--	--	--	1,365,113	--	1,365,113
Construction in progress	--	--	--	75,201	--	75,201
Other assets	125,706	--	--	--	--	125,706
Equipment (Notes 1 and 2)	--	--	--	1,726,379	--	1,726,379
Due from levee improvement fund (Note 7)	19,248	--	--	--	--	19,248
Due from general fund (Note 7)	--	271,700	--	--	--	271,700
Amount to be provided for accrual of annual leave	--	--	--	--	101,807	101,807
Amount to be provided for accrual of compensatory time	--	--	--	--	2,104	2,104
TOTAL ASSETS	\$ 3,736,394	\$ 4,694,056	\$ --	\$ 4,649,054	\$ 103,911	\$ 13,183,415

LIABILITIES AND FUND EQUITY

LIABILITIES:						
Accounts payable	\$ 113,446	\$ --	\$ --	\$ --	\$ --	\$ 113,446
Payroll deductions	28,169	--	--	--	--	28,169
Other liabilities (Note 1)	45,863	--	--	--	103,911	149,774
Due to general fund (Note 7)	--	19,248	--	--	--	19,248
Due to land settlement fund (Note 7)	271,700	--	--	--	--	271,700
Total	459,178	19,248	--	--	103,911	582,337
FUND EQUITY:						
Investment in general fixed assets (Note 2)	--	--	--	4,649,054	--	4,649,054
Fund balances:						
Reserved for levee improvements (Note 9)	--	4,403,100	--	--	--	4,403,100
Reserved for incomplete construction contracts (Note 9)	108,922	--	--	--	--	108,922
Unreserved for debt service (Note 9)	--	--	--	--	--	--
Unreserved - undesignated	3,168,294	271,708	--	--	--	3,440,002
Total	3,277,216	4,674,808	--	4,649,054	--	12,601,078
TOTAL LIABILITIES AND FUND EQUITY	\$ 3,736,394	\$ 4,694,056	\$ --	\$ 4,649,054	\$ 103,911	\$ 13,183,415

See accompanying notes.

STATE OF LOUISIANA
EAST JEFFERSON LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

6. DEPOSITS AND INVESTMENTS: (Continued)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	\$4,856,567	\$ --	\$ --	\$4,856,567	\$4,856,567
Investment - U.S. Treasury Notes	1,751,632	--	--	1,751,632	1,751,632
Investment - U.S. Treasury Security Strips	537,481	--	--	537,481	537,481
Repurchase agreements	563,000	--	--	563,000	563,000
	<u>\$7,708,680</u>	<u>\$ --</u>	<u>\$ --</u>	<u>7,708,680</u>	<u>7,708,680</u>
Investment in state treasurer's investment pool				<u>15,164</u>	<u>15,164</u>
TOTAL INVESTMENTS				<u>\$7,723,844</u>	<u>\$7,723,844</u>

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

7. INTERFUND RECEIVABLES/PAYABLES:

The following is a summary of interfund receivables and payables at June 30, 1996:

<u>AMOUNT</u>	<u>DUE FROM</u>	<u>DUE TO</u>
<u>\$271,700</u>	General Fund	Special Revenue Funds - Land Settlement Fund
<u>\$ 19,248</u>	Special Revenue Funds	General Fund - Levee Construction Cost