

**WEST JEFFERSON LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 1996**

**NOTE G - RESERVATIONS AND DESIGNATIONS OF FUND BALANCES**

The nature and purpose of the reserves and designations of fund balances are as follows:

Reserved for Debt Service

This reserve represents the amounts reserved for payment of principal and interest maturing in future years.

Reserved for Prepaid Items

This reserve was established as an offset against the asset, prepaid insurance, because it does not constitute an available, spendable resource of the General Fund even though it is a component of current assets.

Reserved for Emergencies

The Budget Document adopted by the Board calls for any surplus fund balance remaining at year end to be restricted for emergency purposes. These funds are not available for normal operating activities and can only be expended upon the official declaration by the Board of an emergency.

Designated for Matching Statewide Flood Control

This designation represents the amount of funds available to match state appropriations under the Statewide Flood Control - West Bank Hurricane Protection Levee Project. See Note J.

**NOTE H - AD VALOREM TAX**

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

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

**WEST JEFFERSON LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 1996**

**NOTE H - AD VALOREM TAX (CONTINUED)**

The number of mills levied for operations on both the 1995 and 1994 tax rolls were 5.03.

**NOTE I - COMMITMENTS AND CONTINGENCIES**

1. Risk Management

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

Under these policies, general liability coverage is provided for up to a maximum of \$1,000,000 per occurrence (\$2,000,000 in the aggregate); automobile coverage is provided for up to \$500,000 per occurrence; and worker's compensation is provided at the statutory limits of \$1,000,000/1,000,000/1,000,000. In each policy, the District is responsible for the applicable deductible.

2. Litigation

The District is a defendant in a number of claims and lawsuits. The District's attorney has reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the District and to arrive at an estimate, if any, of the amount or range of potential loss to the District. As a result of such review, the various claims and lawsuits have been categorized into "probable", "reasonably possible", and "remote" contingencies, as defined in GASB Codification Section C50 for Claims and Judgments. In the opinion of management, the District has adequate legal defenses or insurance coverage with respect to each of these claims and lawsuits and, except for the case outlined below, does not believe that they will materially affect the District's financial statements.

A 1991 order of expropriation was challenged by the landowners in district court. After trial, a judgment was rendered in favor of the landowners at a substantial amount over and above what was originally deposited with the courts. The case is presently on appeal. It is the opinion of the District's attorneys that there exists a good possibility that the judgment will be substantially reduced or reversed by the appellate court. The range of liability therefore extends from the original compensation of \$51,467 to the current judgment of \$1,003,468 (which includes attorney fees and court costs).

**WEST JEFFERSON LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 1996**

**NOTE I - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**3. Federal and State Financial Assistance**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**4. Future Commitments**

As discussed in Note J, the District has entered into "local cooperative agreements" with the Louisiana Department of Transportation and Development (LADOTD) and the U. S. Army Corps of Engineers (USACOE) to construct a hurricane protection levee West of Harvey Canal. Of the estimated \$95.0 million project cost, the LADOTD, as the "non-federal" local sponsor, is to provide 35 percent of the project cost. The District is to act as the "executive agent" for the LADOTD for purposes of administering the project. As of June 30, 1996, six of the nine reaches have been completed. The project is expected to take up to 9 years to complete. The USACOE provides the amount of cash assistance (or equivalent work) required before each fiscal year.

**NOTE J - JOINT VENTURE - HURRICANE PROTECTION LEVEE**

Pursuant to a local cooperative agreement date December 18, 1990, the District and the U. S. Army Corps of Engineers (USACOE) began constructing a hurricane protection levee system within the District's boundaries west of the Harvey Canal. Under the original agreement, the District was to provide 35 percent of the cost as a local match. The District's share was to be made up of expropriations, easements, land acquisitions, relocation assistance and in-kind construction work. Upon completion of the levee, the District will be responsible for maintenance and repairs of the levee system (see Note I). Pursuant to the authority vested in LRS 38:81, on May 5, 1993, the Governor of the State of Louisiana designated the LADOTD as the "non-federal" local sponsor of the project and relegated the District to the role of "executive agent" for the LADOTD on the project. Act 1012 of the 1993 Legislative Session and a new cooperative endeavor agreement, dated November 11, 1995, between the District and LADOTD will allow modification of the agreement with USACOE in order to set forth the responsibilities of each party in relation to the project.

Under the current arrangement, LADOTD is now responsible for providing the "non-federal" local share of the cost share and to provide the District with certain engineering services as needed. The District is to act as "executive agent" for LADOTD for purposes of administering the project.



**WEST JEFFERSON LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 1996**

**NOTE J - JOINT VENTURE - HURRICANE PROTECTION LEVEE (CONTINUED)**

The non-federal local share of the project is being funded in various ways. A significant portion is coming from "expenses of non-federal interests" allowed by the Corps for interim and compatible expenditures incurred by the District. In addition, the District has obtained commitments from the State of \$11,391,030 through the Statewide Flood Control Program. This amount represents 70 percent of the estimated construction cost to be borne by the non-federal sponsor. The District is required to put up the remaining 30 percent as a match. To date, the entire \$11,391,030 has been appropriated by the State. Of the \$11,391,030, \$2,862,620 has been expended, leaving an available balance of \$8,528,410. This balance will result in a required future match of \$3,539,318. The District has designated a portion of the West of Harvey Canal Capital Project Fund's fund balance and is also applying the cost of a land acquisition associated with the project for purposes of matching the state funds.

In addition, the U.S. Congress is currently hearing legislation that will provide funding for a hurricane protection levee east of the Harvey Canal. The estimated cost of the project is currently \$157.7 million. If approved, it is anticipated that an administrative and funding agreement similar to the West of Harvey Canal project will be implemented.

**NOTE K - PENSION PLAN**

**1. Plan Description and Provisions**

Substantially all employees of the District are members of the Louisiana State Employees' Retirement System ("System"), a cost-sharing multiple-employer public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of State agencies and their staffs, which is administered and controlled by a separate board of trustees. Contributions of participating agencies, together with shared local and state revenues, are pooled within the System to fund accrued benefits, with employer/employee contribution rates approved by the Louisiana Legislature.

For the year ended June 30, 1996, the District's total payroll was \$964,057 and its payroll covered by the System was \$780,570. The District's covered payroll represents .053 percent of the System's total covered payroll.

Generally, all employees of the state are eligible to participate in the System, provided they meet the statutory criteria of age and physical condition. A member may retire at age 55 with a minimum of 12 years of creditable service or at 50 with a minimum of 20 years of creditable service. Upon retirement members are entitled to annual benefits equal to (1) 2.5% per year of their average salary with 12 or more but less than 15 years of credited services; (2) 2.75% per year of their average salary with 15 or more but less than 20 years of credited service; or (3) 3% per

WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 1996

NOTE K - PENSION PLAN (CONTINUED)

year of their average salary with 20 or more years of credited service. Average salary is determined based on the member's highest average salary for any consecutive 36 months of service. The System also provides death and disability benefits. Benefits are established by state statute.

2. Contributions Required and Made

In addition to ad valorem and insurance premium taxes that are remitted to the System (which constitute the major funding of the System), covered employees are required by state statute to contribute 7.5 percent of gross salary, to which the District adds a 12.0 percent contribution as an employer's match. The contribution for the year ended June 30, 1996 were as follows:

	<u>Amount</u>	<u>Percent of Covered Payroll</u>
Employee	\$ 58,533	7.50%
Employer	\$ 93,627	12.00%

3. Funding Status and Progress

The pension benefit obligation is a standardized disclosure 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 obligation for individual participating agencies. The pension benefit obligation at June 30, 1995 (latest available date), for the System as a whole, determined through an actuarial valuation performed as of that date, was \$5,696,909,256. The System's net assets available for benefits on that date were \$3,589,501,958 leaving an unfunded pension benefit obligation of \$2,107,407,298.

4. Trend Information

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 1995 comprehensive annual financial report (a separate report). The District does not guarantee the benefits granted by the System.

**WEST JEFFERSON LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 1996**

**NOTE L - POST-EMPLOYMENT HEALTH CARE BENEFITS**

The District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for those benefits if they reach normal retirement age while working for the District. Those 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 by the District. The District recognizes the cost of providing these benefits (District's portion of premiums) as an expenditure when paid during the year, which was \$15,030 for the year ended June 30, 1996. The cost of providing those benefits for 5 retirees is not separable from the cost of providing benefits for the 40 active employees.

## GENERAL FUND

The General Fund is the principal fund of the District, and is used to account for the financial resources and expenditures not accounted for in any other fund.

**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL  
Year Ended June 30, 1996**

	<u>ACTUAL</u>	<u>AMENDED BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>PERSONNEL</b>			
Commissioners' per diem	\$ 21,075	\$ 20,500	\$ (575)
Salaries			
President	12,000	12,000	0
Administration	228,845	214,850	(13,995)
Maintenance	606,693	611,028	4,335
Health insurance	110,817	85,644	(25,173)
Retirement	93,627	100,039	6,412
Payroll taxes	4,939	10,938	5,999
Worker's compensation	43,895	52,500	8,605
Physicals	1,186	1,000	(186)
Commissioners' life insurance	1,934	4,000	2,066
<b>TOTAL PERSONNEL</b>	<u>1,125,011</u>	<u>1,112,499</u>	<u>(12,512)</u>
<b>EMPLOYEE EXPENDITURES</b>			
Travel and conventions			
Commissioners	7,393	7,600	207
Administration	10,834	7,700	(3,134)
Maintenance	1	300	299
Civil service fees	2,818	2,818	0
<b>TOTAL EMPLOYEE EXPENDITURES</b>	<u>21,046</u>	<u>18,418</u>	<u>(2,628)</u>
<b>OFFICE</b>			
Advertising	618	950	332
Publications	0	0	0
Dues and subscriptions	2,853	2,150	(703)
Printing	5,585	5,500	(85)
Office supplies	11,479	10,250	(1,229)
Bank charges	908	700	(208)
Postage	3,191	3,000	(191)
Janitorial supplies	2,354	2,400	46
<b>TOTAL OFFICE</b>	<u>26,988</u>	<u>24,950</u>	<u>(2,038)</u>
<b>PROFESSIONAL SERVICES</b>			
Attorney	54,909	55,000	91
Accounting	10,250	13,200	2,950
Computer consultants	6,106	5,000	(1,106)
Financial advisory	1,522	0	(1,522)
Oil and gas consultants	412	1,000	588
Insurance consultants	425	750	325
Other consultants	3,873	0	(3,873)
<b>TOTAL PROFESSIONAL SERVICES</b>	<u>77,497</u>	<u>74,950</u>	<u>(2,547)</u>

(Continued)



WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA

GENERAL FUND  
SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL (CONTINUED)  
Year Ended June 30, 1996

	<u>ACTUAL</u>	<u>AMENDED BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REPAIRS AND MAINTENANCE</b>			
Administration	\$ 715	\$ 100	\$ (615)
Equipment	3,570	4,000	430
Building	12,045	14,031	1,986
Maintenance contracts	1,172	1,000	(172)
Outside repairs			
Maintenance	1,718	3,100	1,382
Equipment	4,619	5,000	381
Building	74,146	75,000	854
Outside repairs	434	500	66
Miscellaneous	76,242	78,700	2,458
Parts and supplies	3,313	2,500	(813)
Tires			
<b>TOTAL REPAIRS AND MAINTENANCE</b>	<u>177,974</u>	<u>183,931</u>	<u>5,957</u>
<b>OPERATING</b>			
Telephone	21,214	19,800	(1,414)
Property and equipment rental	8,953	7,400	(1,553)
Utilities	28,482	27,000	(1,482)
Fuel	34,131	31,213	(2,918)
Small tools	978	1,000	22
Supplies - general	70,759	60,800	(9,959)
Other	351	300	(51)
<b>TOTAL OPERATING</b>	<u>164,868</u>	<u>147,513</u>	<u>(17,355)</u>
<b>OTHER</b>			
Insurance premiums	223,170	230,662	7,492
Claims and judgments	0	0	0
Miscellaneous	1,108	1,425	317
Ad valorem tax commissions and withholdings			
Assessor	9,313	8,743	(570)
Sheriff	9,153	8,682	(471)
State retirement systems	101,000	101,000	0
<b>TOTAL OTHER</b>	<u>343,744</u>	<u>350,512</u>	<u>6,768</u>
<b>SUBTOTAL - CURRENT EXPENDITURES</b>	<u>1,937,128</u>	<u>1,912,773</u>	<u>(24,355)</u>
<b>CAPITAL OUTLAY</b>			
Furniture and fixtures	11,989	5,114	(6,875)
Machinery and equipment	75,225	75,300	75
<b>TOTAL CAPITAL OUTLAY</b>	<u>87,214</u>	<u>80,414</u>	<u>(6,800)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,024,342</u>	<u>\$ 1,993,187</u>	<u>\$ (31,155)</u>

## SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenues (other than special assessments, expendable trusts, or revenues for major capital projects) that are legally restricted to expenditures for specific purposes.

### EMERGENCY FUND

The Board created an Emergency Fund in 1994 to account for any surplus funds remaining in the General Fund at year end. These funds are to be transferred to the Emergency Fund upon completion of the audit. Once transferred, these funds are not available for normal operating activities and can only be expended upon the official declaration by the Board of an emergency.

**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA**

**SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES  
Year Ended June 30, 1996**

	<u>EMERGENCY FUND</u>
INTEREST	
Interest - cash accounts	1,874
 TOTAL INTEREST	<u>1,874</u>
 TOTAL REVENUES	<u>\$ 1,874</u>

WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA

SPECIAL REVENUE FUND  
SCHEDULE OF EXPENDITURES  
Year Ended June 30, 1996

	<u>EMERGENCY FUND</u>
PERSONNEL	
Salaries	
Administration	\$          5,876
Maintenance	101,204
TOTAL PERSONNEL	<u>          107,079</u>
OFFICE	
Bank charges	237
TOTAL OFFICE	<u>                  237</u>
Maintenance	
Outside repairs	251
TOTAL REPAIRS AND MAINTENANCE	<u>                  251</u>
OPERATING	
Property and equipment rental	292,540
Fuel	2,082
Supplies - general	207,744
TOTAL OPERATING	<u>          502,366</u>
OTHER	
Miscellaneous	296
TOTAL OTHER	<u>                  296</u>
TOTAL EXPENDITURES	<u>\$          610,229</u>



## CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and structures.

### WEST OF HARVEY CANAL

Used to account for expenditures incurred under a local cooperative agreement between the District and the U.S. Army Corps of Engineers for the construction of a hurricane protection levee system west of the Harvey Canal, east of the Harvey Canal, and in the vicinity of Lake Cataouatche.

### MISSISSIPPI RIVER LEVEE

Used to account for the activity and federal funds received for the relocation of pipelines and utilities located along Item M-98.3 to 95-R of the Mississippi River Levees, Gretna Levee Enlargement, I-Wall Setback, and Concrete Slope Pavement, Phase IIB.

### LAFITTE LEVEE

Used to account for the costs incurred by the District in connection with the construction of a flood control levee in and around the Town of Jean Lafitte.

**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA**

**CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
June 30, 1996**

	WEST OF HARVEY CANAL	MISSISSIPPI RIVER LEVEE	LAFITTE LEVEE	TOTAL
<b>ASSETS AND OTHER DEBITS</b>				
Cash and cash equivalents	\$ 793,856	\$ 747	\$ 265	\$ 794,868
Investments	2,030,303	0	49,683	2,079,986
Receivables	0	0	0	0
Due from other funds	441,524	15,337	74,077	530,938
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 3,265,683</b>	<b>\$ 16,084</b>	<b>\$ 124,025</b>	<b>\$ 3,405,792</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Due to other funds	\$ 89,414	\$ 0	\$ 0	\$ 89,414
<b>TOTAL LIABILITIES</b>	<b>89,414</b>	<b>0</b>	<b>0</b>	<b>89,414</b>
<b>FUND EQUITY</b>				
Fund balance				
Unreserved				
Designated for matching Statewide Flood Control	3,176,269	0	0	3,176,269
Undesignated	0	16,084	124,025	140,109
<b>TOTAL FUND EQUITY</b>	<b>3,176,269</b>	<b>16,084</b>	<b>124,025</b>	<b>3,316,378</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 3,265,683</b>	<b>\$ 16,084</b>	<b>\$ 124,025</b>	<b>\$ 3,405,792</b>

**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA**

**CAPITAL PROJECT FUNDS  
COMBINING STATEMENTS OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 1996**

	WEST OF HARVEY CANAL	MISSISSIPPI RIVER LEVEE	LAFITTE LEVEE	TOTAL
<b>REVENUES</b>				
Federal sources	\$ 0	\$ 358,156	\$ 0	\$ 358,156
State sources	499,714	0	0	499,714
Parish sources	0	0	0	0
Interest	211,613	36	11	211,660
Other	0	0	0	0
<b>TOTAL REVENUES</b>	<u>711,327</u>	<u>358,192</u>	<u>11</u>	<u>1,069,530</u>
<b>EXPENDITURES</b>				
<i>Levee construction projects</i>				
Professional services	287,390	1,600	45,815	334,805
Land and servitudes	13,298	0	0	13,298
Relocation costs	5,642	358,156	0	363,798
Construction costs	712,431	0	0	712,431
Other	24,472	3,906	23,226	51,604
<b>TOTAL EXPENDITURES</b>	<u>1,043,233</u>	<u>363,662</u>	<u>69,041</u>	<u>1,475,936</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(331,906)</u>	<u>(5,470)</u>	<u>(69,030)</u>	<u>(406,406)</u>
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Operating transfers in	192,746	0	200,000	392,746
Operating transfers out	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>192,746</u>	<u>0</u>	<u>200,000</u>	<u>392,746</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<u>(139,160)</u>	<u>(5,470)</u>	<u>130,970</u>	<u>(13,660)</u>
<b>FUND BALANCE</b>				
Beginning of year	3,315,429	21,554	94,105	3,431,088
Residual equity transfers	0	0	(101,050)	(101,050)
<b>End of year</b>	<u>\$ 3,176,269</u>	<u>\$ 16,084</u>	<u>\$ 124,025</u>	<u>\$ 3,316,378</u>

**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA**

**WEST OF HARVEY CANAL - CAPITAL PROJECT FUND  
SCHEDULE OF EXPENDITURES BY REACH  
YEAR ENDED JUNE 30, 1996**

East of Harvey Levee	
Board attorney	\$ 7,050
Other attorneys	517
Abstract and title fees	10,440
Other consultants	18,538
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Total East of Harvey Levee	36,545
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Cataouatche Levee	
Board attorney	2,425
Abstract and title fees	1,978
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Total Cataouatche Levee	4,403
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Project Management	
Board attorney	16,750
Other attorneys	1,121
Abstract and title fees	468
Other consultants	1,500
Bank charges	2,808
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Total Project Management	22,647
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Company Canal	
Board attorney	325
Other attorneys	57
Abstract and title fees	35
Construction costs	1,250
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Total Company Canal	1,667
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Old Westwego to New Westwego	
Board attorney	1,925
Other attorneys	1,404
Abstract and title fees	2,169
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Total Old Westwego to New Westwego	5,498
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New Westwego to Orleans Village	
Board attorney	900
Other attorneys	172
Abstract and title fees	4,725
Surveyors/testing	7,320
Equipment rental	19,120
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Total New Westwego to Orleans Village	32,237
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Westwego Airport Floodwall	
Other attorneys	57
Abstract and title fees	8
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Total Westwego Airport Floodwall	65
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**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA**

**WEST OF HARVEY CANAL - CAPITAL PROJECT FUND  
SCHEDULE OF EXPENDITURES BY REACH (CONTINUED)  
YEAR ENDED JUNE 30, 1996**

Orleans Village to Highway 45	
Board attorney	1,925
Abstract and title fees	630
Surveyors/testing	12,145
Purchase of servitudes	12,548
Total Orleans Village to Highway 45	<u>27,248</u>
Ames Pump to Highway 45	
Board attorney	1,300
Other attorneys	2,760
Abstract and title fees	29,920
Appraisal fees	8,050
Surveyors/testing	1,550
Land	750
Total Ames Pump to Highway 45	<u>44,330</u>
Highway 45	
Board attorney	4,300
Other attorneys	309
Abstract and title fees	73
Surveyors/testing	400
Equipment rental	2,897
Total Highway 45	<u>7,979</u>
V-Line West	
Board attorney	21,825
Other attorneys	58,800
Abstract and title fees	15
Appraisal fees	34,646
Other consultants	10,106
Levee supplies	2,455
Relocation costs	5,642
Construction costs	700,000
Total V-Line West	<u>833,489</u>
V-Line East	
Appraisal fees	1,000
Surveyors/testing	205
Construction costs	11,181
Total V-Line East	<u>12,386</u>
Estelle Pump Station to Cousins	
Board attorney	10,050
Other attorneys	3,874
Abstract and title fees	815
Total Estelle Pump Station to Cousins	<u>14,739</u>
TOTAL EXPENDITURES	<u>\$ 1,043,233</u>

**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA**

**LAFITTE LEVEE - CAPITAL PROJECT FUND  
SCHEDULE OF EXPENDITURES BY REACH  
YEAR ENDED JUNE 30, 1996**

Project Management	
Personnel	\$ 329
Surveyors/testing	720
Other consultants	23,749
Levee supplies	4,260
Bank charges	63
Total Project Management	<u>29,121</u>
Fleming Curve Project	
Other consultants	1,558
Total Fleming Curve Project	<u>1,558</u>
Lafitte Levee Project	
Other attorneys	115
Abstract and title fees	2,611
Equipment rental	210
Total Lafitte Levee Project	<u>2,936</u>
Lower Goose Bayou	
Abstract and title fees	3,315
Total Lower Goose Bayou	<u>3,315</u>
Gloria Drive Project	
Personnel	9,111
Other consultants	14,466
Equipment rental	6,663
Levee supplies	1,871
Total Gloria Drive Project	<u>32,111</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ <u>69,041</u></b>

SUPPLEMENTARY INFORMATION

**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA**

**SCHEDULE OF COMMISSIONERS' PER DIEMS  
YEAR ENDED JUNE 30, 1996**

<u>NAME</u>	<u>NUMBER OF REGULAR MEETINGS</u>	<u>NUMBER OF EMERGENCY MEETINGS</u>	<u>PER DIEMS PAID</u>
Randy Alario	32	3	\$ 2,625
Francis Boffone	36	1	2,775
Anthony Caramonta	36	0	2,700
Ron Jones	35	1	2,700
Clarence Guidry	36	2	2,850
Philip Loyacano	36	4	3,000
Rita Scheffler	23	0	1,725
Alex Guidry	36	0	2,700
			<u>\$ 21,075</u>

In addition, Harry Cahill serves as both the President of the District and a Commissioner. He receives an annual salary of \$12,000.



**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA**

**SCHEDULE OF STATE FUNDING  
YEAR ENDED JUNE 30, 1996**

<u>DESCRIPTION</u>	<u>AMOUNT</u>
State Revenue Sharing	\$ 325,482
DOTD Levee Maintenance Contract	2,579
Statewide Flood Control - #576-26-04	499,714
Total	\$ <u>827,775</u>

## **SINGLE AUDIT SECTION**

FRANCIS J. CASCIO, CPA  
JAN A. DAVIS, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON  
THE INTERNAL CONTROL STRUCTURE  
BASED ON AN AUDIT PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
West Jefferson Levee District

We have audited the general purpose financial statements of the West Jefferson Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 16, 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 general purpose financial statements are free of material misstatement.

The management of the 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 West 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 general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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 or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

We did note other matters involving the internal control structure and its operations that we have reported to the management of the District in a separate letter entitled "Memorandum of Advisory Comments", dated August 16, 1996.

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

*Cascio, Davis & Schmidt*

August 16, 1996



FRANCIS J. CASCIO, CPA  
JAN A. DAVIS, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT PERFORMED IN  
ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
West Jefferson Levee District

We have audited the general purpose financial statements of the West Jefferson Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 16, 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, contracts, and grants applicable to the District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards, however, we did note certain immaterial instances of noncompliance which have been reported to management in a separate letter entitled "Memorandum of Advisory Comments", dated August 16, 1996.

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

*Carrico, Davis & Schmidt*

August 16, 1996

FRANCIS J. CASCIO, CPA  
JAN A. DAVIS, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Board of Commissioners  
West Jefferson Levee District

We have audited the general purpose financial statements of the West Jefferson Levee District, a component unit of the State of Louisiana, for the year ended June 30, 1996, and have issued our report thereon dated August 16, 1996. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of West Jefferson Levee District, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Cascio, Davis & Schmidt*

August 16, 1996

**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA**

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 1996**

FEDERAL AGENCY/ PROGRAM TITLE	CFDA NUMBER	GRANT/ PROJECT NUMBER	GRANT PERIOD	
			FROM	TO
<b>DIRECT ASSISTANCE:</b>				
Federal Emergency Management Agency				
May 8, 1995 Flood Relief	83.156	PA-ID: 051-91002	-	-
Total Federal Emergency Management Agency				
U.S. Army Corps of Engineers				
Mississippi River Levees, Gretna Levee Enlargement, I-Wall, and Concrete Slope Pavement, Phase IIA	unknown	unknown	-	-
Total U.S. Army Corps of Engineers				
<b>TOTAL DIRECT FEDERAL ASSISTANCE</b>				

**OTHER FEDERAL ASSISTANCE:**

Pursuant to a "local cooperative agreement", the District, LA-DOTD and the U.S. Army Corps of Engineers are constructing a hurricane protection levee within the District's boundaries. Of the estimated \$95.0 million project cost, LA-DOTD and the District are to provide 35 percent of the cost as a local match. The Non-federal share is to be made up of expropriations, easements, land acquisitions, and relocation assistance. Although no direct financial assistance is received, this program will be treated as a "major" program for the purpose of compliance testing under OMB Circular A-128.

<u>TOTAL GRANT AWARD</u>	<u>ACCRUED (DEFERRED) REVENUE JUNE 30, 1995</u>	<u>CASH RECEIVED DURING YEAR</u>	<u>ACCRUED (DEFERRED) REVENUE JUNE 30, 1996</u>	<u>TOTAL REVENUE AND RECEIPTS RECOGNIZED</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
\$ N/A	\$ 23,859	\$ 23,859	\$ 0	\$ 0	\$ 0
	<u>\$ 23,859</u>	<u>\$ 23,859</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ N/A	\$ 4,100	\$ 362,256	\$ 0	\$ 358,156	\$ 358,156
	<u>\$ 4,100</u>	<u>\$ 362,256</u>	<u>\$ 0</u>	<u>\$ 358,156</u>	<u>\$ 358,156</u>
	<u>\$ 27,959</u>	<u>\$ 386,115</u>	<u>\$ 0</u>	<u>\$ 358,156</u>	<u>\$ 358,156</u>



FRANCIS J. CASCIO, CPA  
JAN A. DAVIS, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON THE  
INTERNAL CONTROL STRUCTURE  
USED IN ADMINISTERING  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Commissioners  
West Jefferson Levee District

We have audited the general purpose financial statements of the West Jefferson Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 16, 1996. We have also audited the compliance of the District with requirements applicable to major federal financial assistance programs and have issued our report thereon dated August 16, 1996.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, Audits of State and Local Governments. These standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the District complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of the District in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of the District, and on compliance of the District with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated August 16, 1996.

The management of the 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, 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, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance 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 condition or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

**Accounting Applications:**

- Cash
- Revenues, receivables and receipts
- Expenditures for goods and services and accounts payable
- Grant and similar programs

**Controls Used in Administering Federal Programs:**

**General Requirements:**

- Political activity
- Civil rights
- Relocation assistance and real property acquisitions
- *Federal financial reports*
- Allowable costs/cost principles
- Drug-free workplace

**Specific Requirements:**

- Types of services
- Matching, level of effort, or earmarking

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

Due to the nature of the Local Cooperative Agreement with the U. S. Army Corps of Engineers, the District did not expend any federal funds on the major program entitled Hurricane Protection Levee - West of Harvey Canal Project during the year ended June 30, 1996. Only local funds were expended as part of the non-federal sponsor's required match.

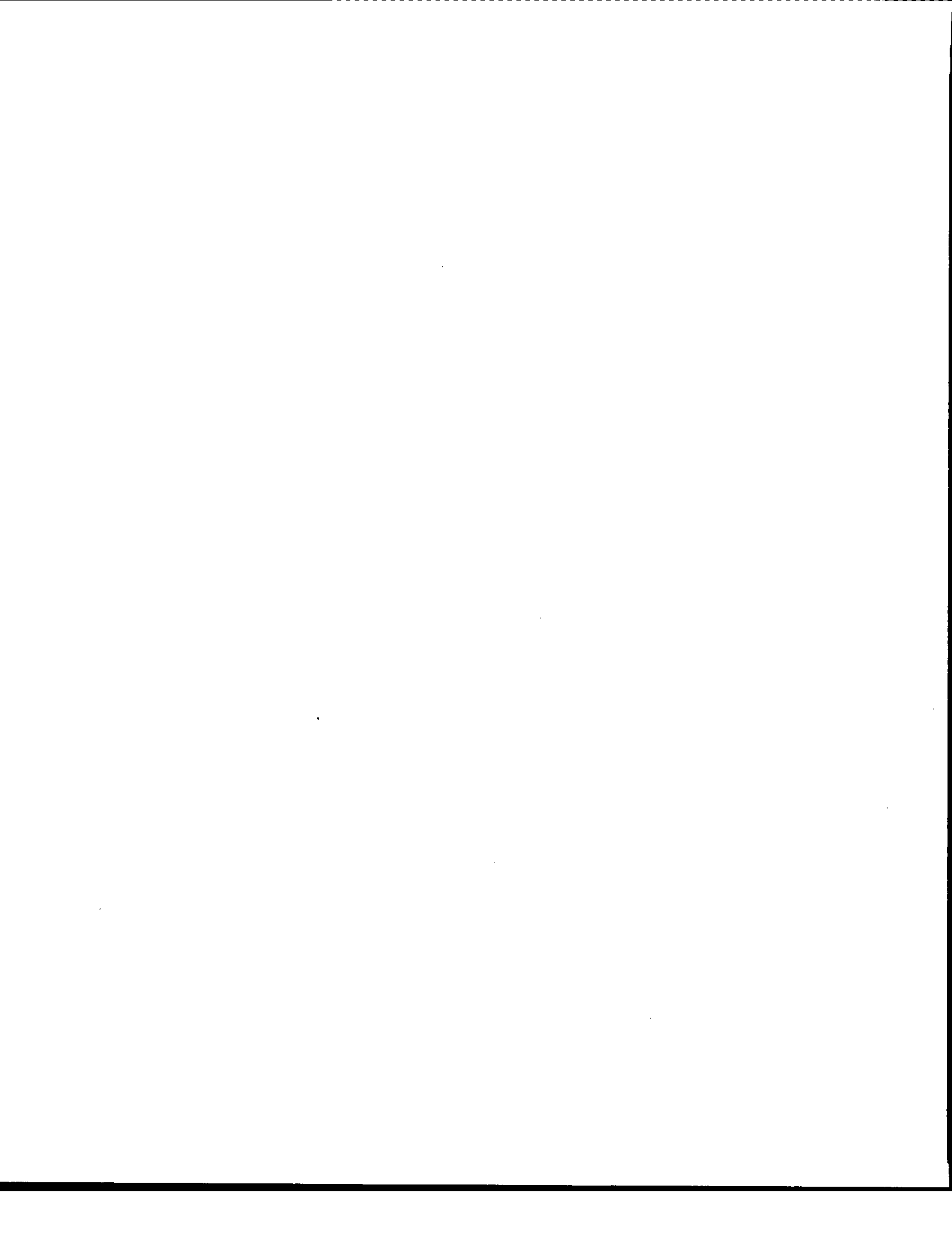
We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the the District's major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to under an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute 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 noncompliance with laws and regulations that would be material to a federal financial assistance program 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, all applicable Federal and State agencies, and the Legislative Auditor of the State of Louisiana, and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

*Cascio, Davis & Schmidt*

August 16, 1996





FRANCIS J. CASCIO, CPA  
JAN A. DAVIS, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH GENERAL REQUIREMENTS APPLICABLE  
TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Commissioners  
West Jefferson Levee District

We have audited the general purpose financial statements of West Jefferson Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 16, 1996.

We have applied procedures to test the District's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996:

- Political activity
- Civil rights
- Relocation assistance and real property acquisitions
- Federal financial reports
- Allowable costs/cost principles
- Drug-free workplace

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the District's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those requirements.

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

*Cassio, Davis & Schmidt*

August 16, 1996



FRANCIS J. CASCIO, CPA  
JAN A. DAVIS, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO  
MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Commissioners  
West Jefferson Levee District

We have audited the general purpose financial statements of the West Jefferson Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 16, 1996.

We have also audited the District's compliance with the requirements governing:

- Types of services allowed or unallowed
- Matching, level of effort, or earmarking
- Amounts claimed or used for matching

that are applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1996. The management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, West Jefferson Levee District complied, in all material respects, with the requirements governing:

- Types of services allowed or unallowed
- Matching, level of effort, earmarking
- Amounts claimed or used for matching

that are applicable to its major federal financial assistance program for the year ended June 30, 1996.

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

*Cascio, Davis & Schmidt*

August 16, 1996

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JAN A. DAVIS, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

Board of Commissioners  
West Jefferson Levee District

We have audited the general purpose financial statements of the West Jefferson Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 16, 1996.

In connection with our audit of the June 30, 1996 general purpose financial statements of West Jefferson Levee District and with our consideration of the District's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, Audits of State and Local Governments, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion of the District's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those requirements.

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

*Cascio, Davis & Schmidt*

August 16, 1996

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**MEMORANDUM OF ADVISORY COMMENTS**

**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA**

**Year Ended June 30, 1996**

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**INTERNAL CONTROL STRUCTURE  
AND RELATED MATTERS**



CD&S

CASCIO, DAVIS & SCHMIDT

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA  
JAN A. DAVIS, CPA  
STEVEN A. SCHMIDT, CPA

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PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

Board of Commissioners  
West Jefferson Levee District

We have audited the financial statements of the West Jefferson Levee District, a component unit of the State of Louisiana, for the year ended June 30, 1996, and have issued our reports thereon dated August 16, 1996. As part of our audit, we considered the District's internal control structure in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing an opinion on the financial statements, and not to provide assurance on the internal control structure.

Reportable conditions which may have been noted during our consideration of the internal control structure have been reported on in a separately issued report, entitled "Independent Auditor's Report on Internal Control Structure in Accordance with Government Auditing Standards".

This memorandum summarizes various other matters which have come to our attention. While not involving reportable conditions, these matters do present opportunities for strengthening the internal control structure and improving the operating efficiency of the District.

We have already discussed these comments and suggestions with the District's administrative personnel and have included their responses. We will be pleased to discuss these comments and suggestions with you in further detail at your convenience, perform an additional study of these matters, or assist you in implementing the recommendations.

*Cascio, Davis & Schmidt*

August 16, 1996

**WEST JEFFERSON LEVEE DISTRICT**  
**State of Louisiana**

**COMMENTS AND SUGGESTIONS**  
**For the Year Ended June 30, 1996**

1. Comment

As of June 30, 1996, the Emergency Special Revenue Fund had a deficit fund balance of \$22,236. This deficit resulted from the Bayou Segnette Levee erosion problem during the summer of 1995. As this fund was set up to reserve funds for emergency purposes, it should not be incurring deficits. Any deficits should immediately be covered through a transfer of funds from the General Fund to the Emergency Fund.

Recommendation

The District should transfer the required funds to the Emergency Fund to eliminate the deficit in fund balance. In the future, deficits should not be allowed in this fund. If expenditures exceed available resources, the General Fund should immediately cover the shortfall.

Response

In August 1996, based on preliminary audit figures, we transferred the excess fund balances contained in the June 30, 1996 financial statements to the Emergency Fund. Thus, the deficit has been eliminated. We will also review our procedures to ensure no future deficits occur.

2. Comment

During our testwork, we noted an increase in the number of expenditure categories which were over budget at the end of the fiscal year. While none of the items violated the 5% rule on expenditures over budget and all of the proper notifications appear to have been made by the administration to the Board, the fact that there were so many items raises some concern.

**WEST JEFFERSON LEVEE DISTRICT**  
**State of Louisiana**

**COMMENTS AND SUGGESTIONS (CONTINUED)**  
**For the Year Ended June 30, 1996**

Part of the problem relates to the timing of the amended budget process. State law requires the District to propose its subsequent year's budget at least 90 days prior to beginning of the fiscal year. The District has been attempting to estimate its year end position at the same time and to adopt its current year amended budget within the same time frame. This 90 day lag allows plenty of time for changes in estimates to occur and not be reflected in the budget.

**Recommendation**

The District should consider amending its budget on a more current basis, especially towards the end of the fiscal year. This would allow the budget to more properly reflect management's current estimates of operating costs.

**Response**

We currently prepare our amended and proposed budgets 90 days before year-end. In the future, we will re-examine our amended numbers during the period between April 1 and June 30 to determine if further amendments are warranted.

**3. Comment**

While performing tests of the District's procedures for cellular phone usage, we noted several weaknesses which should be attended to.

First, we noted inconsistencies in the treatment of calls to an employee's home after business hours. While some employees reimbursed all calls home, others did not. The District's policy on cellular phone usage is silent on the matter, however, it appears that an unwritten rule has evolved whereby calls made home while attending to Levee District business, particularly after hours, are deemed allowable.

Second, in reviewing the "miscellaneous income" file, we noted that not all of the reimbursements have supporting documentation attached to them. In many cases, only receipts could be found. The informal policy is that each phone user is given a copy of the monthly bill to review and note which calls are deemed personal. From this, the number of minutes of personal calls are accumulated and a reimbursement at 28 cents/minute is made. Despite having a receipt, by not keeping a copy of the items reimbursed, the audit trail is lost.

**WEST JEFFERSON LEVEE DISTRICT**  
**State of Louisiana**

**COMMENTS AND SUGGESTIONS (CONTINUED)**  
**For the Year Ended June 30, 1996**

Third, the person making the phone calls is the only one reviewing the bill for personal calls. It is the District's policy that all of the people assigned phones are "professionals" and can be entrusted with this process. This policy of "trust" is commendable, however, it does leave the door open for mistakes and/or abuse to go unnoticed.

**Recommendation**

On the first item noted, the District should revise its policy on cellular phone usage to address this matter. While a strong case can be made in support of the District's unwritten rules on the matter, just as strong a case can be made for adopting a formal policy to avoid potential abuse.

On the second item, the District should put procedures in place which will ensure that an audit trail exists of all reimbursed calls. A copy of the bill with the reimbursed calls being clearly marked should accompany all receipts.

On the third item, the District should have someone other than the user reviewing the monthly calls on at least a random basis. A "keep-them-honest" policy should be acceptable to all if they are indeed as professional as they are thought to be.

**Response**

The District is aware of the potential for misuse of its cellular telephone system and has already taken steps to address this matter. Although no formal policy existed, previous administrations of the District allowed and paid for the incidental and occasional use of its cellular phones for personal calls. A review of past audits conducted of the District failed to indicate any problems regarding cellular phone usage and, as such, seemed to sanction the "unwritten" policy and/or to give guidance as to implementation of such a policy.

Nevertheless, in February 1995, without a mandate from any outside source, the current administration determined that all future use of the District's cellular phones should exclude personal use, even the incidental and occasional use that was previously allowed.

From February 1995 and continuing through this time, employees and commissioners who use the District's cellular phones are required to reimburse for "any" personal calls. Implementation of the policy has subsequently gained notoriety and negative comment from outside sources. As questions regarding the use of the cellular phones have arisen, the District's administration has moved to amend its policy to address the questions raised.



**WEST JEFFERSON LEVEE DISTRICT**  
**State of Louisiana**

**SCHEDULE OF NONCOMPLIANCE WITH**  
**LAWS AND REGULATIONS**  
**For the Year Ended June 30, 1996**

1. FINDING

The District currently provides cellular phones to its four top administrators, as well as having one phone available for Commissioners to use. During our testwork, we noted that the District's policy allows for personal use of the phones provided that reimbursement is made on a "monthly, quarterly or annual basis". Pursuant to Article 7, § 14 of the 1974 Louisiana Constitution, "none of the assets of the District may be loaned to any individual". According to Attorney General Opinion No. 95-174, dated March 1, 1995, any payments not made within a month could be construed to be a "loan" and would constitute a violation of Article 7, § 14. During the period from July 1, 1995 to June 30, 1996, we noted several instances whereby monthly reimbursements were not being made. For example, one payment of \$97 was received to pay for a three year period. Another payment of \$876 was received in March 1996 to cover a 1 year period. In addition, several months of amounts due are still outstanding at year end and have been booked as accounts receivable as of June 30, 1996. These instances of reimbursements being made past one month appear to be violations.

RESPONSE

The District has been made aware of this and has amended its policy to ensure the timely reimbursement of personal calls in accordance with AG Opinion No. 95-174 and Article 7, § 14 of the 1974 Louisiana Constitution. Amounts outstanding at year-end will be collected shortly.

2. FINDING

LRS 38:318 calls for "each levee district ... in this state to submit its annual budget to the Joint Legislative Committee on the Budget, no later than 90 days prior to the end of each fiscal year ... for review". While the District did prepare a budget 90 days prior to the beginning of the fiscal year, they failed to submit the budget to the Joint Legislative Committee. This appears to be a violation of LRS 38:318.

RESPONSE

This apparently was an oversight on the part of the District's administration. All future budgets will be submitted as required by law.

**WEST JEFFERSON LEVEE DISTRICT**  
**State of Louisiana**

**SCHEDULE OF NONCOMPLIANCE WITH  
LAWS AND REGULATIONS (CONTINUED)**  
**For the Year Ended June 30, 1996**

3. FINDING

LRS 24:522(A) established the Louisiana Performance Audit Program. Paragraph (D)(2) of the statute requires that "all state agencies shall develop specific goals and objectives for each of their programs to include measures of performance. They shall report on program goals and objectives in developing annual budgets and shall submit such information to the legislature as a part of the appropriations process". In neither the 95-96, nor the 96-97 budget, was such information included. This would appear to be a violation of the statute.

RESPONSE

The District is aware of the Performance Audit Program, but was under the impression that it was only applicable to "state agencies" and not to "political subdivisions". Paragraph (B) of the statute specifically excludes "any agency, governing body, or officer of any local government or political subdivision of the state". The constitutional provisions which authorized the creation of the Levee District are found in Article VI, § 38 et seq. of the Louisiana Constitution of 1974. Article VI applies to local governments and not to state agencies. Further, LRS 38:281 defines a levee district as "a political subdivision of this state organized for the purpose and charged with the duty of constructing and maintaining levees, and all other things incidental thereto within its territorial limits". Thus, it is the position of the District and its Board Attorney that the District is legally a "political subdivision" and not a state agency. As such, this statute is not applicable to the District.

Despite this position, the District does find merit in the intent of the program and is very interested in adopting it in their future budgets, even though it is not applicable.



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**WEST JEFFERSON LEVEE DISTRICT  
A COMPONENT UNIT OF THE  
STATE OF LOUISIANA**

**ANNUAL FINANCIAL REPORT  
Year Ended June 30, 1996**

RECEIVED  
GENERAL INVESTIGATOR  
SEP 27 11 5:24

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 SEP 04 1996

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## **FINANCIAL SECTION**

FRANCIS J. CASCIO, CPA  
JAN A. DAVIS, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
West Jefferson Levee District  
Marrero, Louisiana

We have audited the general purpose financial statements of the West Jefferson Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the West Jefferson Levee District as of June 30, 1996 and the results of its 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 16, 1996 on our consideration of the District's internal control structure and a report dated August 16, 1996 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The Combining and Individual Fund Statements and Schedules and the Supplementary Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the West Jefferson Levee District. This information has been subjected to the auditing 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.

*Cassio, Davis & Schmitt*

August 16, 1996

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA**

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
June 30, 1996**

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<b>ASSETS AND OTHER DEBITS</b>				
Cash and cash equivalents	\$ 493,926	\$ 975	\$ 2,336	\$ 794,868
Investments	0	0	68,146	2,079,986
Due from Commissioners and employees	238	0	0	0
Due from other funds	23,674	0	0	530,938
Property, plant and equipment	0	0	0	0
Amount available in Debt Service Fund	0	0	0	0
Amount to be provided for retirement of General long-term debt	0	0	0	0
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 517,838</b>	<b>\$ 975</b>	<b>\$ 70,482</b>	<b>\$ 3,405,792</b>
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>				
<b>LIABILITIES</b>				
Accrued payroll and deductions	\$ 24,879	\$ 0	\$ 0	\$ 0
Due to other funds	441,524	23,211	463	89,414
Compensated absences	0	0	0	0
General obligation bonds payable	0	0	0	0
<b>TOTAL LIABILITES</b>	<b>466,403</b>	<b>23,211</b>	<b>463</b>	<b>89,414</b>
<b>EQUITY AND OTHER CREDITS</b>				
Investment in general fixed assets	0	0	0	0
Fund balance				
Reserved for debt service	0	0	70,019	0
Reserved for emergencies	0	0	0	0
Unreserved				
Designated for matching				
Statewide Flood Control	0	0	0	3,176,269
Undesignated	51,435	(22,236)	0	140,109
<b>TOTAL EQUITY</b>	<b>51,435</b>	<b>(22,236)</b>	<b>70,019</b>	<b>3,316,378</b>
<b>TOTAL EQUITY AND OTHER CREDITS</b>	<b>51,435</b>	<b>(22,236)</b>	<b>70,019</b>	<b>3,316,378</b>
<b>TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS</b>	<b>\$ 517,838</b>	<b>\$ 975</b>	<b>\$ 70,482</b>	<b>\$ 3,405,792</b>

ACCOUNT GROUPS			
GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)	
\$ 0	\$ 0	\$ 1,292,105	
0	0	2,148,132	
0	0	238	
0	0	554,612	
3,744,515	0	3,744,515	
0	70,019	70,019	
0	1,450,718	1,450,718	
<u>\$ 3,744,515</u>	<u>\$ 1,520,737</u>	<u>\$ 9,260,339</u>	
\$ 0	\$ 0	\$ 24,879	
0	0	554,612	
0	100,737	100,737	
0	1,420,000	1,420,000	
<u>0</u>	<u>1,520,737</u>	<u>2,100,228</u>	
3,744,515	0	3,744,515	
0	0	70,019	
0	0	0	
0	0	3,176,269	
0	0	169,308	
<u>0</u>	<u>0</u>	<u>3,415,596</u>	
<u>3,744,515</u>	<u>0</u>	<u>7,160,111</u>	
<u>\$ 3,744,515</u>	<u>\$ 1,520,737</u>	<u>\$ 9,260,339</u>	

**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
June 30, 1996**

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>
<b>REVENUES</b>			
Federal sources	\$ 0	\$ 0	\$ 0
State sources	328,060	0	0
Parish sources	2,123,852	0	0
Interest	20,816	1,874	4,790
Other	197,855	0	0
<b>TOTAL REVENUES</b>	<u>2,670,583</u>	<u>1,874</u>	<u>4,790</u>
<b>EXPENDITURES</b>			
Current			
Personnel	1,125,011	107,079	0
Employee expenditures	21,046	0	0
Office	26,988	237	1,036
Professional services	77,497	0	0
Repairs and maintenance	177,974	251	0
Operating	164,868	502,366	0
Other	343,744	296	0
Capital outlay	87,214	0	0
Levee construction projects	0	0	0
Debt Service			
Principal	0	0	85,000
Interest	0	0	120,375
<b>TOTAL EXPENDITURES</b>	<u>2,024,342</u>	<u>610,229</u>	<u>206,411</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>646,241</u>	<u>(608,355)</u>	<u>(201,621)</u>
<b>OTHER FINANCIAL SOURCES (USES)</b>			
Operating transfers in	0	0	205,375
Operating transfers out	(598,121)	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(598,121)</u>	<u>0</u>	<u>205,375</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	48,120	(608,355)	3,754
<b>FUND BALANCE</b>			
Beginning of year	3,315	485,069	66,265
Residual equity transfers	0	101,050	0
End of year	<u>\$ 51,435</u>	<u>\$ (22,236)</u>	<u>\$ 70,019</u>

See accompanying notes to financial statements

<u>CAPITAL PROJECTS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
\$ 358,156	\$ 358,156
499,714	827,774
0	2,123,852
211,660	239,140
0	197,855
<u>1,069,530</u>	<u>3,746,777</u>
0	1,232,090
0	21,046
0	28,261
0	77,497
0	178,225
0	667,234
0	344,040
0	87,214
1,475,936	1,475,936
0	85,000
0	120,375
<u>1,475,936</u>	<u>4,316,918</u>
<u>(406,406)</u>	<u>(570,141)</u>
392,746	598,121
0	(598,121)
<u>392,746</u>	<u>0</u>
(13,660)	(570,141)
3,431,088	3,985,737
(101,050)	0
<u>\$ 3,316,378</u>	<u>\$ 3,415,596</u>



**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -  
GENERAL FUND  
June 30, 1996**

	ACTUAL	AMENDED BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Federal sources	\$ 0	\$ 0	\$ 0
State sources	328,060	344,000	(15,940)
Parish sources	2,123,852	2,097,808	26,044
Interest	20,816	17,500	3,316
Other	197,855	132,000	65,855
<b>TOTAL REVENUES</b>	<u>2,670,583</u>	<u>2,591,308</u>	<u>79,275</u>
<b>EXPENDITURES</b>			
Current			
Personnel	1,125,011	1,112,499	(12,512)
Employee expenditures	21,046	18,418	(2,628)
Office	26,988	24,950	(2,038)
Professional services	77,497	74,950	(2,547)
Repairs and maintenance	177,974	183,931	5,957
Operating	164,868	147,513	(17,355)
Other	343,744	350,512	6,768
Capital outlay	87,214	80,414	(6,800)
<b>TOTAL EXPENDITURES</b>	<u>2,024,342</u>	<u>1,993,187</u>	<u>(31,155)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>646,241</u>	<u>598,121</u>	<u>48,120</u>
<b>OTHER FINANCIAL SOURCES (USES)</b>			
Operating transfers in	0	0	0
Operating transfers out	(598,121)	(598,121)	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(598,121)</u>	<u>(598,121)</u>	<u>0</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	48,120	0	48,120
<b>FUND BALANCE</b>			
Beginning of year	3,315	3,315	0
Residual equity transfers	0	0	0
<b>End of year</b>	<u>\$ 51,435</u>	<u>\$ 3,315</u>	<u>\$ 48,120</u>

**WEST JEFFERSON LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 1996

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

1. Reporting Entity

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

The District is a political subdivision of the State of Louisiana organized to provide flood protection for those areas contained within the Parish of Jefferson to the west of the Mississippi River. The District was incorporated August 1, 1980, under the provisions of Act 820 of the 1980 Legislative session, as amended (Civil Service Code). The control and management of the affairs of the District are vested in a Board of Commissioners composed of nine qualified electors residing within the District. The members of the Board are appointed by the Governor of the State of Louisiana from a list of nominations submitted by the members of the Legislature serving that portion of Jefferson Parish located within the District.

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

**WEST JEFFERSON LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 1996**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

2. Fund Accounting

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

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

The funds of the District are classified into the "governmental" category. The category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds) and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

The fund types presented in the accompanying financial statements are described as follows:

General Fund

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

WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Revenue Fund

The special revenue fund accounts for monies that are restricted to expenditures related to emergencies.

Debt Service Fund

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

Capital Project Funds

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and structures.

3. Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Fund for payments to be made early in the following year.



**WEST JEFFERSON LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 1996**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Budgets**

Formal budgetary accounting is employed as a management control device during the year for the General Fund. Budgetary data for the Special Revenue Fund is not presented since these funds are restricted for emergency purposes only, and are considered unpredictable. Budgetary data for the Capital Project Funds are not presented since these funds are budgeted over the life of the respective project, not on an annual basis. Formal budgetary accounting is not employed for the Debt Service Fund because effective control is alternatively achieved through the indenture provisions of the bonds.

Expenditures may not exceed appropriations at the object level within the fund. All annual appropriations which are not expended lapse at year end.

The General Fund's budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Encumbrances are not recorded for budgetary purposes.

**5. Cash and Investments**

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

Investments are stated at cost or amortized cost.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

**6. Short-term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 1996**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**7. Inventories**

The cost of materials and supplies acquired by the District are recorded as expenditures at the time of purchase. It is management's opinion that the inventory of such materials and supplies at June 30, 1996 would not be material to the financial statements.

**8. Prepaid Insurance**

Payments made to vendors for services that will benefit periods beyond June 30, 1996, are recorded as prepaid insurance.

**9. Fixed Assets**

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

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

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

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



WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt Account Group. No expenditure is reported for these amounts. In accordance with the provisions of GASB Codification Section C60, no liability is recorded for nonvesting accumulating rights to receive sick leave benefits. In accordance with Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, an additional liability is recorded for salary related payments associated with the future payment of compensated absences.

11. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group.

12. Fund Equity

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

13. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Total Columns on Combined Statements

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

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budget

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

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

Budgeted amounts included in the accompanying statements are as originally adopted, or as finally amended, by the Board of Commissioners as of May 23, 1996.

2. Deficit Fund Balance

The Emergency Special Revenue fund has a deficit fund balance of \$22,236 at June 30, 1996. This amount is expected to be made up through additional transfers from the General Fund in future years.

3. Expenditures in Excess of Appropriations

For the year ended June 30, 1996, expenditures exceeded budget at the object level as follows:

**WEST JEFFERSON LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 1996**

**NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

Fund	Expenditures	Budget	Excess
<b>General Fund</b>			
Personnel	\$ 1,125,011	\$ 1,112,499	\$ (12,512)
Employee expenditures	21,046	18,718	(2,328)
Office	26,988	24,950	(2,038)
Professional services	77,497	74,950	(2,547)
Operating	164,868	147,513	(17,355)
Capital outlay	87,214	80,414	(6,800)

The overexpenditures in personnel related to administrative salaries incurred during the Bayou Segnette levee emergency. Also within this excess, group health costs were overbudget. The employee expenditures were over budget due to unanticipated travel expenses. The Office category was over due to increase in supplies. Professional services were over in the other consultants line-item. Operating expenditures were over due to an anticipated need for general supplies. Capital outlay was over budget due to the purchase of an ice machine and a printer. All of the overexpenditures were funded by available and appropriable fund balance.

**NOTE C - DEPOSITS AND INVESTMENTS**

The carrying amount of the District's deposits at June 30, 1996 was \$1,291,305 and the bank balance was \$1,368,403. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The bank balance is categorized as follows:

Risk Category	Amount
a. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	\$ 1,368,403
b. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name	0
c. Uncollateralized (including securities held for the entity by the pledging financial institution or its agent, but not in the entity's name)	0
<b>Total</b>	<b>\$ 1,368,403</b>



**WEST JEFFERSON LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 1996**

**NOTE C - DEPOSITS AND INVESTMENTS (CONTINUED)**

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

Investment Type	CATEGORY			Carrying Value	Market Value
	1	2	3		
U.S. Government Securities	\$ 900,927	\$ 0	\$ 0	\$ 900,927	\$ 894,834
U.S. Government Agencies	1,247,205	0	0	1,247,205	1,285,136
<b>Total</b>	<b>\$ 2,148,132</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,148,132</b>	<b>\$ 2,179,970</b>

In addition, the District has \$1,081,850 on deposit with the U.S. Army Corps of Engineers (USACOE). These amounts are not reported on the financial statements as they are being held in jointly-owned escrow accounts pursuant to the cooperative agreements signed with the USACOE. As the District makes deposits into the escrow accounts, an expenditure is recognized. USACOE is allowed to draw on the funds as needed in connection with the WestBank Hurricane Protection Levee Project. See Note J.

**NOTE D - FIXED ASSETS**

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

Asset Type	Balance July 1, 1995	Additions	Deletions	Balance June 30, 1996
Land	\$ 310,000	\$ 0	\$ 0	\$ 310,000
Buildings	1,862,686	0	0	1,862,686
Furniture and fixtures	126,368	3,054	(17,256)	112,166
Machinery, vehicles and equipment	1,542,449	90,112	(172,899)	1,459,662
<b>TOTAL</b>	<b>\$ 3,841,503</b>	<b>\$ 93,166</b>	<b>\$ (190,155)</b>	<b>\$ 3,744,514</b>

**WEST JEFFERSON LEVEE DISTRICT**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 1996**

**NOTE E - LONG-TERM DEBT**

**1. General Obligation Bonds**

In April 1986, the District issued \$2,000,000 in Excess Revenue Bonds to provide funds for the construction of an administrative building and storage yard. These bonds are secured by, and are payable solely from, a pledge of the annual revenues of the District, sufficient to pay principal and interest, through April 1, 2006. At June 30, 1996, \$70,019 was available in the Debt Service Fund to service the debt. Bonds outstanding at June 30, 1996 are as follows:

Description	Interest Rates	Amount Issued	Amount Outstanding
Levee Improvement Bonds	7 ½ to 9 ½ %	\$ 2,000,000	\$ 1,420,000

Annual debt service requirements to maturity, including interest of \$717,610, are as follows:

Year Ending June 30,	Amount
1997	\$ 204,000
1998	207,160
1999	209,410
2000	210,720
2001	211,120
2002 to 2006	1,095,200
<b>TOTAL</b>	<b>\$ 2,137,610</b>

**2. Compensated Absences**

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, an employee is 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, the number of hours of unused sick leave is computed and considered in computing the years of services for retirement benefit purposes. Compensatory time is accrued up to a balance of 240 hours at a rate of time and one-half. An employee who exceeds 240 hours receives either monetary consideration or compensatory time for the amount of hours earned in excess of the 240 hour limit. Upon termination, an employee is paid for unused compensatory time. In the governmental funds, compensated absences are recorded as expenditures when paid. The District accounts for these compensated absences as a liability in the General Long-Term Debt Account Group which represents the District's commitment to fund such costs from future operations.