

**BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)  
FUND ACCOUNTING (Continued)**

**General Fund**

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

**Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, levee improvement bonds totaling \$1,500,000, issued September 1, 1994.

**Capital Projects Fund**

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The fund is presently being used to account for the construction of the levee system and pumping stations in the district.

**FIXED ASSETS AND LONG-TERM DEBT**

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

Long-term obligations expected to be financed from governmental funds, including compensated absences for accumulated unpaid annual leave benefits of General Fund employees, are accounted for in the general long-term debt account group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with measurement of financial position, not with results of operation.

**BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE J**

**CASH AND INVESTMENTS (Time Certificates of Deposit)**

The carrying amounts for cash and investment are as follows for the year ended June 30, 1996:

|                             |                    |
|-----------------------------|--------------------|
| Cash in Bank - Unrestricted | \$ 442,178         |
| Cash in Bank - Restricted   | 90,166             |
| Cash in State Treasury      | 240,797            |
| Investments                 | <u>1,960,000</u>   |
|                             | <u>\$2,733,141</u> |

At June 30, 1996, the carrying amount of the Levee District's cash and investments (time certificates of deposit) was \$2,733,141 and the bank balance was \$2,743,999. The entire bank balance was covered by federal depository insurance or by collateral held by the Levee District's agent in the Levee District's name.

**NOTE K**

**RESTRICTED CASH**

On September 30, 1992, the South Lafourche Levee District and the Department of the Army (Army Corps of Engineers) entered into a Local Cooperation Agreement for the construction of the Larose to Golden Meadow Hurricane Project. Pursuant to this Local Cooperation Agreement, the Levee District was required to contribute, over the period of the construction of the Project, a cash contribution calculated in accordance with the agreement.

The Levee District's contribution was to be deposited into an escrow account with a local bank. This amount is an interest bearing account, with the interest being paid monthly to the Levee District. The Corps of Engineers has sole and unrestricted right to draw upon all or any part of the funds deposited in the escrow account. A written demand for withdrawal is required to be made to the bank by the Corps' District Engineer, or his designee.

Upon receipt of signed certification by the Corps of Engineers that no further demand for payment of money will be made, the bank shall complete a final accounting of other obligations required under this Agreement, and pay over any remaining balance to the South Lafourche Levee District.

**BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**INTRODUCTION**

The **BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT** was created by Louisiana Revised Statute 38:291. The Levee District embraces all of Lafourche Parish lying south of the intracoastal canal. The Levee District primarily provides flood protection for those areas in the District and is authorized to construct and maintain levees, levee drainage, pumps, pumping stations, drainage channels, sea wall, jetties, and breakwaters in the District to protect the lands from overflow and particularly from hurricane floodwaters and from inundation from the tidewaters of the Gulf of Mexico. The **BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT** administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana Statutes. Members of the Board are appointed by the Governor in accordance with the provisions of Louisiana Revised Statute 38:304.

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

The financial statements of the **BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT** have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**REPORTING ENTITY**

Government Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE C

PENSION PLAN (Continued)

Plan Description and Provisions: (Continued)

**-Retirement Benefits (Continued)**

The basic annual retirement benefit for substantially all members is equal to 2 1/2% of average compensation multiplied by the number of years of creditable service plus \$300. Participants who became members of the System on or after July 1, 1986, are not eligible for the \$300 addition to the annual retirement benefit formula. Average compensation is defined as the member's average annual earned compensation for the thirty-six consecutive months of employment during which the member's aggregate earned compensation was greatest. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or certain specified dollar amounts of actuarially determined monetary limits which vary depending upon the member's age at retirement. As an alternative to the above basic retirement benefit, a member may elect to receive his retirement benefits under any of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death.

**-Deferred Benefits**

A member leaving covered employment before attaining early retirement age but after completing certain minimum service requirements becomes eligible for a deferred benefit provided the member lives to the minimum service retirement age and does not withdraw his accumulated contributions. The minimum service requirements for deferred benefits vary depending upon the member's employer and service classification.

**-Retirement Incentive Legislation**

On July 6, 1985, legislation was enacted allowing System members who, on September 1, 1985, had earned sufficient service credit to be eligible for a normal retirement on or before August 31, 1995, but had not attained the normal retirement age, to be eligible for early retirement. This eligibility for an early retirement is available to service members for the ten year period ending August 31, 1995, and reduces the member's benefits to a level which is actuarially equivalent to the retirement benefit at the normal retirement using the normal retirement formula.

BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE C

PENSION PLAN (Continued)

Plan Description and Provisions: (Continued)

**-Disability Benefits**

Substantially all members with ten or more years credited service who become disabled receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

**-Survivor's Benefits**

Upon the death of a member who was in state service at the time of death, and who had a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit, regardless of when earned, certain eligible surviving dependents receive monthly benefits based on the member's compensation and their relationship to them. The above minimum service credit requirement is ten years for a surviving spouse with no minor children.

**-Supplemental Benefit Adjustments**

Current Statutes allow the System's Board of Trustees to make annual supplemental cost-of-living adjustments each year only when the actuary for the system and The State Legislative Auditor certify that the System is systematically approaching actuarial soundness and if such cost-of-living adjustments are not enacted by the legislature. The cost-of-living adjustments may not exceed more than 3% in any year. These adjustments are computed on the base retirement or survivors' benefit. Benefit increases have occurred under the above Statutes in various years since 1970 and have been limited to the 3% amount. In addition, several other cost-of-living adjustments or supplemental benefit payments have occurred in the past as a result of legislation, some being paid from investment income of the System and others being paid from funds appropriated by the state legislature. At June 30, 1992, new legislation was passed whereby cost-of-living contributions must be funded by a newly devised employee experience account.

BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE C

PENSION PLAN (Continued)

Plan Description and Provisions: (Continued)

**-Description of Funding Policy:**

The System's contribution requirements are not actuarially determined. Instead, the contribution requirements are currently established by Statute. Contributions consist of 7.5% member contribution and 12.0% employer contribution of total covered payroll. The Levee District's contribution requirement for the year ended June 30, 1996 was \$25,521 which represents 12.0% of covered payroll.

The amount reported below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to assist users in assessing the plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among government pension plans and employers. The System does not conduct separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligation at June 30, 1995 for the System as whole, determined through an actuarial valuation performed as of that date, was \$5,696,909,256, of which \$1,250,737,577 was non-vested and \$4,446,171,679 was vested. The net assets available for benefits on that date (valued at market) were \$3,665,863,068, resulting in an unfunded pension obligation of \$2,031,046,188. The Levee District's contribution represented .01% of total contribution required of all participating employers. Information regarding the system at June 30, 1996, was not available prior to the issuance of the levee district's financial statements.

**Trend Information:**

Ten-year historical trend information presenting the System's progress accumulating sufficient assets to pay benefits when due is presented in the Louisiana State Employees' State Retirement System's June 30, 1995 financial report (also June 30, 1996 financial report when issued).

**BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE D**

**PER DIEM PAID BOARD MEMBERS**

Per diem payments are presented on Schedule I. The per diem payments are authorized by Louisiana Revised Statute 38:308.

**NOTE E**

**CONTRIBUTIONS FROM OTHER LEVEE DISTRICTS**

The Atchafalaya Basin Levee District, Lafourche Basin Levee District, and **BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT** all had territory within Lafourche Parish. To partially relieve the Boards of Commissioners of the Atchafalaya Basin Levee District and the Lafourche Basin Levee District for providing protection for the lands in the southern portions of their districts (in Lafourche Parish) from tidal overflow and from unusual weather conditions such as hurricanes, Louisiana Revised Statute 38:333 provides for annual transfers from the Boards of Commissioners of the Atchafalaya Basin Levee District and the Lafourche Basin Levee District. The amount transferred annually from the Board of Commissioners of the Atchafalaya Basin Levee District should be equal in amount to the net avails of a levee district tax dollar of assessed valuation, after deduction of the costs of collection of such tax; however, the amount transferred annually should not exceed in any one year the sum of \$100,000. The amount transferred from the Board of commissioners of the Lafourche Basin Levee District is \$200,000 payable out of any revenues which the Board may have or has authority to obtain.

At June 30, 1995, both the Atchafalaya Basin Levee District and the Lafourche Basin Levee District were involved in litigation regarding whether the annual payments described above were constitutional as per the Constitution of the State of Louisiana. Legal counsel for the South Lafourche Levee District had informed management that the matter was pending a decision by the Louisiana Supreme Court. At the date that the June 30, 1995 financial statements were issued, no decision from the Louisiana Supreme Court had been issued.

Management of the South Lafourche Levee District had recognized the \$100,000 contribution due from the Atchafalaya Basin Levee District as revenue and had included them in "Intergovernmental Revenues". However, due to the uncertainty of this matter, management had established an allowance against the total amount due from the Atchafalaya Basin Levee District and the Lafourche Basin Levee District. As of June 30, 1995, the total amount due from the Lafourche Basin Levee District was \$400,000, and the total amount due from the Atchafalaya Basin Levee District was \$100,000, for a total of \$500,000.

BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE F

**ALLOWANCE FOR UNCOLLECTIBLES/BAD DEBT EXPENSE**

As described in Note E, the Atchafalaya Basin Levee District and the Lafourche Basin Levee District were involved in litigation in regards to the annual contributions to be made by these Levee Districts to the South Lafourche Levee District.

June 30, 1995, the total amount due to the South Lafourche Levee District from the Atchafalaya Basin Levee District and the Lafourche Basin Levee District is as follows:

|  |                   |
|--|-------------------|
| Due from Atchafalaya Basin Levee District<br>1995 Contribution Due | \$ 100,000        |
| Due from Lafourche Basin Levee District<br>1994 Contribution Due   | 200,000           |
| 1995 Contribution Due  | <u>200,000</u>    |
| Total Due From Other Levee Districts at June 30, 1995              | <u>\$ 500,000</u> |

Due to the uncertainty of the outcome of the matter, the management of the South Lafourche Levee District had established an allowance for uncollectible receivables in the amount of \$500,000. Management recognized as bad debt expense the amount of this provision during the year ended June 30, 1995.

During the current year, the district collected the \$400,000 due from the Lafourche Basin Levee District for 1994 and 1995 and this amount is included in other revenues. The district also collected the 1996 contribution.

During the current year, nothing was collected for 1995 or 1996 from the Atchafalaya Basin Levee District since legislation was passed removing Lafourche Parish out of the Atchafalaya Basin Levee District.

At June 30, 1996, the allowance for uncollectible receivables is \$ -0-.



**BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE G  
FIXED ASSETS**

At June 30, 1996, the Levee District has stewardship responsibility for \$17,116,285 of general fixed assets valued at historical cost. A summary of changes in general fixed assets follows:

|                          | <u>Balance<br/>July 1,<br/>1995</u> | <u>Additions</u>    | <u>Retire<br/>-ments</u> | <u>Completed<br/>Construction</u> | <u>Balance<br/>June 30,<br/>1996</u> |
|--------------------------|-------------------------------------|---------------------|--------------------------|-----------------------------------|--------------------------------------|
| Land                     | \$ 132,588                          | \$ -                | \$ -                     | \$ -                              | \$ 132,588                           |
| Buildings                | 203,486                             | -                   | -                        | -                                 | 203,486                              |
| Equipment                | 523,325                             | 19,305              | 26,157                   | -                                 | 516,473                              |
| Pump Station No. 1       | 3,223,185                           | -                   | -                        | -                                 | 3,223,185                            |
| Pump Station No. 8       | 700,953                             | -                   | -                        | -                                 | 700,953                              |
| Pump Station No. 2       | 3,692,087                           | -                   | -                        | -                                 | 3,692,087                            |
| Pump Station No. 6       | 5,060,286                           | -                   | -                        | -                                 | 5,060,286                            |
| Pump Station No. 4       | -                                   | 2,844,216           | -                        | -                                 | 2,844,216                            |
| Construction in Progress | <u>2,706,063</u>                    | <u>881,164</u>      | <u>-</u>                 | <u>2,844,216</u>                  | <u>743,011</u>                       |
|                          | <u>\$16,241,973</u>                 | <u>\$ 3,744,685</u> | <u>\$26,157</u>          | <u>\$ 2,844,216</u>               | <u>\$17,116,285</u>                  |

**BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ANNUAL AND SICK LEAVE**

Employees accumulate annual and sick leave at various rates based on their years of 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. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is considered in computing the years of service for retirement benefit purposes. The liability for unused annual leave payable at June 30, 1996, computed in accordance with GASB Codification Section C60 is estimated to be \$43,592 which is recorded in the general long-term debt account group.

**COMPENSATORY LEAVE**

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-Time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour for hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 1996 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$1,516 which is recorded in the general long-term debt account group.

**TOTAL COLUMNS ON STATEMENTS**

Total columns on the statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position and results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE H**

**LONG-TERM OBLIGATIONS (Continued)  
1994 Issue (Continued)**

The following is the remaining maturities of principal and interest:

| <u>For The Year Ended</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>       |
|---------------------------|---------------------|-------------------|--------------------|
| June 30, 1997             | \$ 120,000          | \$ 84,190         | \$ 204,190         |
| June 30, 1998             | 130,000             | 77,410            | 207,410            |
| June 30, 1999             | 135,000             | 69,870            | 204,870            |
| June 30, 2000             | 145,000             | 61,838            | 206,838            |
| June 30, 2001             | 150,000             | 53,065            | 203,065            |
| June 30, 2002             | 160,000             | 43,915            | 203,915            |
| June 30, 2003             | 170,000             | 34,075            | 204,075            |
| June 30, 2004             | 180,000             | 23,535            | 203,535            |
| June 30, 2005             | <u>195,000</u>      | <u>12,285</u>     | <u>207,285</u>     |
|                           | <u>\$ 1,385,000</u> | <u>\$ 460,183</u> | <u>\$1,845,183</u> |

**CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities follows:

|                      | <u>1994</u>         | <u>Additions</u> | <u>Deletions</u>  | <u>1995</u>         |
|----------------------|---------------------|------------------|-------------------|---------------------|
| Bonds Payable        | \$ 1,500,000        | -0-              | \$ 115,000        | \$ 1,385,000        |
| Compensated Absences | <u>46,067</u>       | <u>-0-</u>       | <u>959*</u>       | <u>45,108</u>       |
|                      | <u>\$ 1,546,067</u> | <u>\$ -0-</u>    | <u>\$ 115,959</u> | <u>\$ 1,430,108</u> |

\*Net Change

**NOTE I**

**FUND BALANCE RESERVED**

**-Unperformed Contracts**

The Levee District has reserved \$ 1,516,891 of its fund balance in the Capital Projects Fund. This is the amount yet to be completed in regards to the contract for the construction of the structure for pump station number seven.

Seventy percent of the unperformed contract for pump station number seven is to be reimbursed by the State of Louisiana via the Statewide Flood Control Construction Program.

**BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BUDGET PRACTICES**

The budget practices of the **BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT** are prescribed by Louisiana Revised Statute 38:318. This statute requires the Levee District 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 the succeeding fiscal year for review.

The Levee District prepares budgets for all its funds but does not budget the beginning fund balance for the Debt Service Fund. The budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The budgets were amended once during the fiscal year.

Amendments to the budget must be approved by the Board of Commissioners.

Appropriations which are not expended lapse at year end.

**ENCUMBRANCES**

Encumbrance accounting is not utilized by the Levee District.

**CASH AND INVESTMENTS**

Cash includes demand deposits in banks and the State Treasury. Investments consist primarily of time certificates of deposit.

R.S. 39:1223 and 33:2955 authorize the Levee District to invest in United States bonds, treasury notes, certificates or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, or any other federally insured investment, or in mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies.

The market value of the investments (certificates of deposit) is equal to their cost.

**BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE K**

**RESTRICTED CASH (Continued)**

A summary of activity for the Larose to Golden Meadow Hurricane Project, Section D Escrow Account for the year ended June 30, 1996, follows:

|                                     |         |             |
|-------------------------------------|---------|-------------|
| Balance at July 1, 1995             |         | \$1,001,850 |
| <b>Additions:</b>                   |         |             |
| Contribution made by Levee District | \$ -    |             |
| Interest earned on Deposits         | 10,873  | 10,873      |
| <b>Reductions:</b>                  |         |             |
| Withdrawal by Corps of Engineers    | 910,000 |             |
| Interest paid to Levee District     | 12,557  | 922,557     |
| Balance at June 30, 1996            |         | \$ 90,166   |

**NOTE L**

**CONTRACTUAL AGREEMENTS**

During the prior year, the Levee District entered into an intergovernmental agreement with the Greater Lafourche Port Commission (the Port Commission). Both the Levee District and the Port Commission determined that a pontoon excavator was needed in order to perform their respective functions. Therefore, an agreement was made whereby the Levee District would purchase a pontoon excavator in its name, as owner, and the Port Commission would contribute to the Levee District \$150,000 towards the cost of the excavator. The \$150,000 was included in Miscellaneous Income in the General Fund's Statement of Revenues, Expenditures, and changes in Fund Balance.

Each party will have the use of the excavator for six months each year. However, the Levee District is responsible for hiring an operator and providing salary and benefits to this employee. The Port commission is required to pay for one-half of this cost. Both parties will share equally in the maintenance and operating costs of the excavator, and each Party will be responsible for the cost of fuel, lube and other necessary expendable items while in its use.

The agreement commenced on December 30, 1994 and is scheduled to end on December 29, 1999. Either party shall have the right to sell the excavator, if the agreement is not extended or cancelled, provided that the excavator shall first be offered to the other party at the same price of any bonafide offer.

**SUPPLEMENTARY INFORMATION**

BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA

SCHEDULE I  
PER DIEM PAID BOARD MEMBERS  
FOR THE YEAR ENDED JUNE 30, 1996

|                     | <u>NUMBER OF<br/>MEETINGS</u> | <u>AMOUNT</u> |
|---------------------|-------------------------------|---------------|
| Ronald Callais      | 17                            | 1275          |
| Adam T. Gisclair    | 15                            | 1125          |
| Leon Theriot        | 32                            | 2400          |
| Edles J. Williams   | 18                            | 1350          |
| Authur J. Gautreaux | 13                            | 975           |
| Russell Bruce       | 11                            | 825           |
| Ernest Richoux, Jr. | 11                            | 825           |
| Monty Vegas         | 12                            | 900           |
| Lula Auenson        | <u>11</u>                     | <u>825</u>    |
| Total               | <u>140</u>                    | <u>10,500</u> |

A PROFESSIONAL CORPORATION

P.O. Box 965

LAROSE, LA 70373

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

**Board of Levee Commissioners of the  
South Lafourche Levee District**  
State of Louisiana  
Galliano, Louisiana

We have audited the general purpose financial statements of the **BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT**, component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 26, 1996.

We have 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 **BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT** is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute,



**BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT**

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

(Continued)

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

BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT

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

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



Aldon G. Wahl, Jr.

September 26, 1996

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P.O. Box 965

LAROSE, LA 70373

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

**Board of Levee Commissioners of the  
South Lafourche Levee District  
State of Louisiana  
Galliano, Louisiana**

We have audited the general purpose financial statements of the **BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE 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 September 26, 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 **BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT** is the responsibility of the **BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT** management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the **BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE 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.

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



Aldon G. Wahl, Jr.  
Certified Public Accountant

September 26, 1996

BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE H

**LONG-TERM OBLIGATIONS**

The following is a summary of the levee improvement bond transactions for the Levee District for the year ended June 30, 1996:

**1994 Issue**

|                                     |                   |
|-------------------------------------|-------------------|
| Date of Issue:                      | September 1, 1994 |
| Original Issue                      | \$ 1,500,000      |
| Outstanding June 30, 1995           | \$ 1,500,000      |
| Redeemed in 1995-96                 | 115,000           |
| Outstanding, June 30, 1996          | \$ 1,385,000      |
| Interest Rates                      | 5.40% - 6.30%     |
| Maturity Dates                      | 1996 - 2005       |
| Interest Outstanding, June 30, 1996 | \$ 460,183        |

Secured by Ad Valorem taxes, contributions from other levee districts and other revenues.

The bonds will be callable for redemption by the Levee District at any time, in whole or in part, in the inverse order of their maturities, and if less than a full maturity, then by lot within such maturity, at a redemption price of par, together with accrued interest to the date fixed for redemption.

**C O N T E N T S**

|  |         |
|--|---------|
| <b>INDEPENDENT AUDITOR'S REPORT</b>  | 1 - 2   |
| <b>COMPONENT UNIT FINANCIAL STATEMENTS</b>   |         |
| Combined Balance Sheet - All Fund Types and Account Groups   | 3       |
| Combined Statement of Revenues, Expenditures and Changes<br>in Fund Balances<br>- Governmental Fund Types  | 4       |
| Combined Statement of Revenues, Expenditures and Changes<br>in Fund Balances<br>-Budget (GAAP Basis) and Actual - General Fund   | 5       |
| Combined Statement of Revenues, Expenditures and Changes<br>in Fund Balances<br>-Budget (GAAP Basis) and Actual - Debt Service Fund and<br>Capital Project Fund                          | 6       |
| <b>NOTES TO FINANCIAL STATEMENTS</b>   | 7-23    |
| <b>SUPPLEMENTARY INFORMATION</b>   |         |
| Schedule I - Per Diem Paid Board Members   | 25      |
| <b>INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL<br/>STRUCTURE BASED ON AN AUDIT OF BASIC FINANCIAL<br/>STATEMENTS PERFORMED IN ACCORDANCE WITH<br/>GOVERNMENT AUDITING STANDARDS</b> | 26 - 28 |
| <b>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED<br/>ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED<br/>IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</b>                     | 29      |

**BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**COMPARATIVE DATA**

Comparative data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the financial position and operations. However, presentation of comparative data by fund types have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

**NOTE B**

**JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES**

The Levee District is a defendant in several lawsuits involving disputed land ownership and rights-of-way. In the opinion of legal counsel for the Levee District, resolution of these lawsuits will be favorable to the Levee District or the liability, if any, resulting from these lawsuits would not be material to the financial statements.

**NOTE C**

**PENSION PLAN**

**Plan Description and Provisions:**

All Levee District employees except certain classes of employees specifically excluded by Statute become members of the Louisiana State Employees' Retirement System as a condition of employment unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership.

The State Employees' Retirement System is a cost-sharing multiple-employer public employee retirement system which is supervised by an 11 member Board of Trustees. The total payroll for the year was \$247,300 and the amount covered by this plan was \$212,675.

**-Retirement Benefits**

The age and years of creditable service required in order for a member to retire with full benefits are established by Statute and vary depending on the member's employer and job classification. The substantial majority of members may retire with full benefits at ages ranging from any age, upon completing thirty years of creditable service, to age sixty, upon completing ten years of creditable service.

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BOARD OF LEVEE COMMISSIONERS  
OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA  
GALLIANO, LOUISIANA

JUNE 30, 1996

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

Release Date ~~OCT 00 1996~~  
Audit of Financial Statements

June 30, 1996

A PROFESSIONAL CORPORATION

P.O. Box 965

LAROSE, LA 70373

**Board of Levee Commissioners of the  
South Lafourche Levee District**  
State of Louisiana  
Galliano, Louisiana

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of the **BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT**, 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 **BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE 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 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. 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 **BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE 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.



INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the **BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT**. Such information 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.

In accordance with Government Auditing Standards, we have also issued a report dated September 26, 1996 on our consideration of Board of Levee Commissioners of the South Lafourche Levee District internal control structure and a report dated September 26, 1996 on its compliance with laws and regulations.



Aldon G. Wahl, Jr.  
Certified Public Accountant

September 26, 1996

**COMBINED BALANCE SHEET-GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS  
FOR THE YEAR ENDED JUNE 30, 1996  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1995**

|   | Governmental Fund Types |                       |                   | Account Groups       |                     | Totals               |                      |
|---|-------------------------|-----------------------|-------------------|----------------------|---------------------|----------------------|----------------------|
|   | General Fund            | Capital Projects Fund | Debt Service Fund | General Fixed Assets | Long-Term Debt      | ( Memorandum Only )  |                      |
|   |                         |                       |                   |                      |                     | 1996                 | 1995                 |
| <b>ASSETS AND OTHER DEBITS</b>  |                         |                       |                   |                      |                     |                      |                      |
| Cash in State Treasury  | \$ 38,252               | \$ -                  | \$ 202,545        | \$ -                 | \$ -                | \$ 240,797           | \$ 143,699           |
| Cash in Bank  | 231,840                 | 210,338               | -                 | -                    | -                   | 442,178              | 374,822              |
| Investments   | 1,960,000               | -                     | -                 | -                    | -                   | 1,960,000            | 2,030,000            |
| Accrued Interest  | 14,411                  | -                     | -                 | -                    | -                   | 14,411               | 24,591               |
| Accounts Receivable   | 17,759                  | 387,685               | -                 | -                    | -                   | 405,444              | 849,109              |
| Due from Other Levee Districts (net of Allowance for Uncollectibles of \$-0- for 1996 and \$500,000 for 1995) | -                       | -                     | -                 | -                    | -                   | -                    | -                    |
| Deposits  | 3,415                   | -                     | -                 | -                    | -                   | 3,415                | 3,415                |
| Restricted Assets:  |                         |                       |                   |                      |                     |                      |                      |
| Cash  | -                       | 90,166                | -                 | -                    | -                   | 90,166               | 1,001,850            |
| Fixed Assets  | -                       | -                     | -                 | 17,116,285           | -                   | 17,116,285           | 16,241,973           |
| Amount Available in Debt Service Fund Amount to be Provided for Retirement of General Long Term Obligations   | -                       | -                     | -                 | -                    | 42,095              | 42,095               | 45,200               |
| <b>Total Assets and Other Debits</b>  | <b>\$ 2,265,677</b>     | <b>\$ 688,189</b>     | <b>\$ 202,545</b> | <b>\$ 17,116,285</b> | <b>\$ 1,388,013</b> | <b>\$ 21,702,804</b> | <b>\$ 22,215,526</b> |
| <b>LIABILITIES AND FUND EQUITY</b>  |                         |                       |                   |                      |                     |                      |                      |
| Liabilities   |                         |                       |                   |                      |                     |                      |                      |
| Accounts Payable  | \$ 6,282                | \$ 12,143             | \$ 250            | \$ -                 | \$ -                | \$ 18,675            | \$ 33,278            |
| Contracts Payable   | -                       | 509,080               | -                 | -                    | -                   | 509,080              | 154,484              |
| Retainage Payable   | -                       | 65,015                | -                 | -                    | -                   | 65,015               | 441,868              |
| Due to Army Corps of Engineers  | -                       | 90,000                | -                 | -                    | -                   | 90,000               | 1,000,000            |
| Compensated Absences Payable  | -                       | -                     | -                 | -                    | 45,108              | 45,108               | 46,067               |
| General Obligation Bonds Payable  | -                       | -                     | -                 | -                    | 1,385,000           | 1,385,000            | 1,500,000            |
| Matured Bonds and Interest Payable  | -                       | -                     | 160,200           | -                    | -                   | 160,200              | -                    |
| <b>Total Liabilities</b>  | <b>6,282</b>            | <b>676,238</b>        | <b>160,450</b>    | <b>17,116,285</b>    | <b>1,430,108</b>    | <b>2,273,078</b>     | <b>3,175,697</b>     |
| Fund Equity   |                         |                       |                   |                      |                     |                      |                      |
| Investment in General Fixed Assets  | -                       | -                     | -                 | 17,116,285           | -                   | 17,116,285           | 16,241,973           |
| Fund Balances   | -                       | -                     | -                 | -                    | -                   | -                    | -                    |
| Reserved for Debt Service   | -                       | -                     | 42,095            | -                    | -                   | 42,095               | 45,200               |
| Reserved Unperformed Contracts  | -                       | 1,516,891             | -                 | -                    | -                   | 1,516,891            | 204,593              |
| Unreserved Undesignated   | 2,259,395               | (1,504,940)           | -                 | -                    | -                   | 754,455              | 2,548,063            |
| <b>Total Fund Equity</b>  | <b>2,259,395</b>        | <b>11,951</b>         | <b>42,095</b>     | <b>17,116,285</b>    | <b>-</b>            | <b>19,429,726</b>    | <b>19,039,829</b>    |
| <b>Total Liabilities and Fund Equity</b>  | <b>\$ 2,265,677</b>     | <b>\$ 688,189</b>     | <b>\$ 202,545</b> | <b>\$ 17,116,285</b> | <b>\$ 1,430,108</b> | <b>\$ 21,702,804</b> | <b>\$ 22,215,526</b> |

See accompanying notes to financial statements

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 1996  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1995**

|   | General<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Totals<br>(Memorandum Only) |
|---|-----------------|-----------------------------|-------------------------|-----------------------------|
|   | 1996            | 1995                        | 1996                    | 1995                        |
| <b>REVENUES</b>   |                 |                             |                         |                             |
| Taxes   | \$ 448,042      | -                           | -                       | \$ 448,042                  |
| Intergovernmental Revenues  | 248,942         | 628,042                     | -                       | 2,487,848                   |
| Other Revenues  | 505,627         | 1,963                       | -                       | 301,664                     |
| Total Revenues  | 1,202,611       | 630,005                     | -                       | 3,228,560                   |
| <b>EXPENDITURES</b>   |                 |                             |                         |                             |
| Current:  |                 |                             |                         |                             |
| General Government  |                 |                             |                         |                             |
| General Administration  | 445,892         | -                           | -                       | 375,779                     |
| Employee Related Benefits   | 74,176          | -                           | -                       | 70,983                      |
| Travel  | 4,670           | -                           | -                       | 1,533                       |
| Contractual Services  | 21,221          | -                           | -                       | 22,913                      |
| Bad Debt Expense  | -               | -                           | -                       | 500,000                     |
| Equipment Purchases   | 19,305          | -                           | -                       | 16,538                      |
| Deductions from Ad Valorem Taxes for:   |                 |                             |                         |                             |
| Retirement System   | 13,593          | -                           | -                       | 13,112                      |
| Levee Maintenance   | 79,843          | -                           | -                       | 62,052                      |
| Other   | 3,676           | -                           | -                       | 5,998                       |
| Debt Service  | -               | -                           | -                       | -                           |
| Bond Redeemed   | -               | -                           | 115,000                 | 205,000                     |
| Interest  | -               | -                           | 90,400                  | 88,863                      |
| Paying Agent  | -               | -                           | 601                     | 24,495                      |
| Capital Outlay  | -               | 1,448,654                   | -                       | 3,646,823                   |
| Total Expenditures  | 662,376         | 1,448,654                   | 206,001                 | 5,034,089                   |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>                                  | 540,235         | (818,649)                   | (206,001)               | (1,805,529)                 |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                 |                             |                         |                             |
| Proceeds from Issuance of Bonds   | -               | -                           | -                       | 1,500,000                   |
| Transfers In  | -               | 434,726                     | 202,896                 | 2,095,730                   |
| Transfers Out   | (637,622)       | -                           | -                       | (2,095,730)                 |
| Total Other Financing Sources (Uses)  | (637,622)       | 434,726                     | 202,896                 | 1,500,000                   |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b> | (97,387)        | (383,923)                   | (3,105)                 | (305,529)                   |
| <b>FUND BALANCES-BEGINNING OF YEAR</b>  | 2,356,782       | 395,874                     | 45,200                  | 3,103,385                   |
| <b>FUND BALANCES-END OF YEAR</b>  | \$ 2,259,395    | \$ 11,951                   | \$ 42,095               | \$ 2,797,856                |

See accompanying notes to financial statements.

BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 1996

|   | <u>Budget</u>      | <u>Actual</u>      | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|--------------------|--------------------|---|
| <b>REVENUES</b>   |                    |                    |   |
| Taxes   | \$ 441,000         | \$ 448,042         | \$ 7,042  |
| Intergovernmental Revenues  | 245,000            | 248,942            | 3,942   |
| Miscellaneous   | <u>455,000</u>     | <u>505,627</u>     | <u>50,627</u>                                   |
| Total Revenues  | <u>1,141,000</u>   | <u>1,202,611</u>   | <u>61,611</u>                                   |
| <b>EXPENDITURES</b>   |                    |                    |   |
| Current:  |                    |                    |   |
| General Government  |                    |                    |   |
| General Administration  | 413,430            | 445,892            | (32,462)  |
| Employee Related Benefits   | 110,900            | 74,176             | 36,724  |
| Travel  | 5,200              | 4,670              | 530   |
| Contractual Services  | 22,500             | 21,221             | 1,279   |
| Equipment Purchases   | 20,000             | 19,305             | 695   |
| Deductions from Ad Valorem Taxes for Assessor's<br>Compensation & Retirement System           | 22,000             | 13,593             | 8,407   |
| Levee Maintenance   | 87,250             | 79,843             | 7,407   |
| Other   | <u>3,500</u>       | <u>3,676</u>       | <u>( 176)</u>                                   |
| Total Expenditures  | <u>684,780</u>     | <u>662,376</u>     | <u>22,404</u>                                   |
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b>   | 456,220            | 540,235            | 84,015  |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                    |                    |   |
| Operating Transfers Out   | <u>(3,156,220)</u> | <u>(637,622)</u>   | <u>2,518,598</u>                                |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>SOURCES OVER EXPENDITURES AND OTHER USES</b> | (2,700,000)        | ( 97,387)          | 2,602,613                                       |
| <b>FUND BALANCE - BEGINNING OF YEAR</b>   | <u>2,700,000</u>   | <u>2,356,782</u>   | <u>(343,218)</u>                                |
| <b>FUND BALANCE - END OF YEAR</b>   | <u>\$ -</u>        | <u>\$2,259,395</u> | <u>\$2,259,395</u>                              |

See accompanying notes to financial statements.

**BUDGET (GAAP BASIS) AND ACTUAL  
DEBT SERVICE AND CAPITAL PROJECTS FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1996**

|  | Debt Service Fund |           |                                  | Capital Projects Fund |            |                                  |
|--|-------------------|-----------|----------------------------------|-----------------------|------------|----------------------------------|
|  | Budget            | Actual    | Variance Favorable (Unfavorable) | Budget                | Actual     | Variance Favorable (Unfavorable) |
| <b>REVENUES</b>  |                   |           |                                  |                       |            |                                  |
| Intergovernmental Revenues   | \$ -              | \$ -      | \$ -                             | \$ 1,091,500          | \$ 628,042 | \$ (463,458)                     |
| Interest on Investments  | -                 | -         | -                                | 1,000                 | 1,963      | 963                              |
| Total Revenues   | -                 | -         | -                                | 1,092,500             | 630,005    | (462,495)                        |
| <b>EXPENDITURES</b>  |                   |           |                                  |                       |            |                                  |
| Capital Outlay   |                   |           |                                  | 4,123,440             | 1,448,654  | 2,674,786                        |
| Debt Service   |                   |           |                                  | -                     | -          | -                                |
| Principal  | 115,000           | 115,000   | -                                | -                     | -          | -                                |
| Interest   | 94,800            | 90,400    | 4,400                            | -                     | -          | -                                |
| Paying Agent Fees  | 480               | 601       | (121)                            | -                     | -          | -                                |
| Total Expenditures   | 210,280           | 206,001   | 4,279                            | 4,123,440             | 1,448,654  | 2,674,786                        |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>                   | (210,280)         | (206,001) | 4,279                            | (3,030,940)           | (818,649)  | 2,212,291                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                                      |                   |           |                                  |                       |            |                                  |
| Operating Transfers In   | 210,280           | 202,896   | (7,384)                          | 2,945,940             | 434,726    | (2,511,214)                      |
| Total Other Financing Sources (Uses)                                       | 210,280           | 202,896   | (7,384)                          | 2,945,940             | 434,726    | (2,511,214)                      |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b> | -                 | (3,105)   | (3,105)                          | (85,000)              | (383,923)  | (298,923)                        |
| <b>FUND BALANCES - BEGINNING OF YEAR</b>                                   | -                 | 45,200    | 45,200                           | 85,000                | 395,874    | 310,874                          |
| <b>FUND BALANCES - END OF YEAR</b>   | \$ -              | \$ 42,095 | \$ 42,095                        | \$ -                  | \$ 11,951  | \$ 11,951                        |

See accompanying notes to financial statements.

BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**REPORTING ENTITY (Continued)**

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the State to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the State.
2. Organizations for which the State does not appoint a voting majority but are fiscally dependent on the State.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the State of Louisiana, via the Governor, appoints all of the members of the Levee District's governing board and has the ability to impose its will on the Levee District, the Levee District was determined to be a component unit of the State of Louisiana. The accompanying financial statements present information only on the funds maintained by the Levee District and do not present information on the State of Louisiana, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

**FUND ACCOUNTING**

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

BOARD OF LEVEE COMMISSIONERS OF THE  
SOUTH LAFOURCHE LEVEE DISTRICT  
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**BASIS OF ACCOUNTING**

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

**Revenues**

Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year. Ad valorem taxes (which are based on population and homesteads in the parish) are recorded in the year the taxes are received. If taxes were recorded when assessed the amount recorded would not be materially different from the amount in the financial statements.

Substantially all other revenues are recorded when they become available and measurable.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred if measurable, except for principal and interest on long-term debt, which is recognized when resources have been accumulated in the debt service fund for payment early in the following year.

**Other Financing Sources (Uses)**

Transfers between funds which are not expected to be repaid are accounted for as other financing sources (uses). In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts.

Proceeds from the issuance of bonds are accounted for as other financing sources.